

Study Urges Limited Missile Deployment

U.S. Scholar Says 'Token' Pershing Force Would Keep Soviet at Bargaining Table

By Henry Tanner
International Herald Tribune

PARIS — The United States and its European allies should proceed with a limited deployment of new American nuclear weapons in Europe but should keep this deployment within strict numerical and qualitative limits that further U.S.-Soviet negotiations in Geneva would be not only possible but regarded by the Soviet Union as attractive and even indispensable.

This is the central conclusion of a study by William V. Gardner, an American expert on Soviet affairs and strategic questions, in a book published Monday by the Atlantic Institute on International Affairs, a privately funded, independent research and study center in Paris.

The originality of his 135-page assessment is that it not only reflects Western perceptions of Soviet attitudes but also includes a detailed and documented analysis of what he calls Soviet "threat perceptions" — that is, what Soviet experts really expect to be the impact of the Pershing-2 and cruise medium-range missiles, as well as the future MX and Trident-2 systems, on the security of the Soviet Union and military-political objectives of the Soviet leadership.

Mr. Gardner's study was prepared over several years as part of a Ph.D. dissertation for Georgetown University in Washington.

He conducted talks with Soviet experts at the Soviet Academy of Sciences in Moscow and at other Soviet institutes as well as with Western officials.

His key theme is that despite their current threats to the contrary, the Soviet leaders are likely to accept a "token" deployment of perhaps half the 108 Pershing-2 missiles earmarked for West Germany and in that case would continue to negotiate in Geneva, perhaps after a temporary breakdown, "because an agreement would restrain the United States from increasing both capabilities and numbers of these systems to the point where they could realize their strategic potential" for pre-emptive nuclear strikes.

Mr. Gardner writes: "NATO shares an interest with the Soviets in ensuring that Pershing-2 deployments neither create a 'hair trigger' nor preclude arms control negotiations by which one might reduce incentives for both sides to base their strategies on pre-emptive nuclear strikes."

"Quantitative subliminals on the

Pershing-2 force, qualitative restrictions against arming it with more effective warheads or otherwise increasing its range, would give the Soviets some reassurance and give NATO possible future leverage toward arms reduction in Europe."

He adds that a "qualitatively restrained deployment" of Pershing-2s in West Germany could produce a meaningful reduction of the SS-20s, the missile that gives the Soviet Union its current nuclear superiority in Europe.

"NATO has every reason to limit deployments to a level where [the Pershing-2s] do not display a capability to dominate a nuclear war limited to Europe or a pre-emptive threat to Soviet strategic command and control but [to a level] large enough to reinforce the 'coupling' of American strategic forces to the defense of the European theater," Mr. Gardner writes.

He suggests that once the first missiles are in place, the Soviet Union and NATO have a common interest in keeping deployment to a low level.

He believes it is essential that American deployment "remain below the level in which the Soviet Union might be prepared to build down."

An important theme of the study is that the current negotiations and public dispute over the stationing of U.S. medium-range nuclear weapons in Europe is merely a chapter in the Soviet-American arms race, and certainly not the final chapter.

Despite the Soviet perception that Pershing-2s stationed in Europe could destroy vital Soviet command and communications centers and reach as far as Moscow, the Soviet assessment of the military threat from these weapons is not the only, and perhaps not even the most important, factor in the present Soviet negotiating posture, according to Mr. Gardner.

Soviet analysts, he writes, do not seem to anticipate a "window-in-time" during the 1980s when the

stationing of the Pershing-2s would give either the United States or NATO the kind of weapons superiority that could lead Western leaders to believe that a nuclear war against the Soviet Union would be winnable.

But he adds that Moscow appears to attribute to the Pershing-2s a key role during the 1986-89 period, along with the new MX strategic missile, in providing the United States what Soviet leaders "judge to be an option for a 'desperation' pre-emptive strike."

Soviet "threat perceptions" for the 1990s are different from those for the 1980s because of the modernization program now under way in the U.S. nuclear arsenal, according to Mr. Gardner. By the 1990s a single U.S. Trident-2 submarine would be able to attack three times as many vital Soviet command and communications centers as the entire force of 108 Pershing-2s earmarked for West Germany, and more swiftly, he writes.

He adds that the seaborne Trident-2s would also have a better chance to survive a Soviet counterstrike than the land-based Pershing-2s.

Soviet analysts would judge the later period to be more dangerous because the United States might acquire, even if only temporarily, a clear margin of "withholdable counterforce superiority," he writes in conclusion.

His thesis is that because of such longer-term considerations and in spite of the high stakes in the current conflict over missile deployment, there may yet be a possibility for a compromise agreement in Geneva that would be in the interest of both NATO and the Soviet Union.

"On balance, this analysis supports the conclusion that both a limited U.S. deployment [of new missiles in Europe] and a compromise 'interim agreement' are achievable and would each contribute to the long-range goal of achieving 'mutual deterrence' in Europe," he concludes.



President Amin Gemayel of Lebanon and former President Suleiman Franjeh, of the Syrian-backed National Salvation Front, embraced Saturday near Geneva after reconciliation talks adjourned until Nov. 14 to let Mr. Gemayel investigate ways of getting Israeli troops out of Lebanon.

U.S., Lebanon Weigh Strike Against Rockets

By Bernard Gwertzman
New York Times Service

WASHINGTON — The United States has been conferring with the Lebanese government about using military force against a rocket battery manned by pro-Iranian Lebanese that threatens U.S. Marine posts, U.S. officials said.

The officials said Saturday that the rapid-fire Soviet-made rocket battery was believed to be in position to be used against the marines at Beirut's airport.

The U.S. contingent of the four-nation peacekeeping force in Lebanon suffered about 230 dead from a truck-bomb explosion on Oct. 23 at its airport headquarters. U.S. officials have said they think the attack was planned by Iran with Syrian help.

"The rocket battery will have to go, the only question is how," a State Department official said. He said the Lebanese Army or the U.S. Navy offshore might do it. He said the Lebanese, in the middle of negotiations on national reconciliation, would prefer to avoid a public military action and were trying to remove the battery through talks with those who command it.

Officials said any action against the battery would be separate from any retaliation for the bombing of the Marine headquarters. No decision has been taken, they said, on when and how to retaliate. If a decision is taken, the navy will have a large fleet on station in the Mediterranean.

Pentagon officials said the carrier Eisenhower and the battleship New Jersey were still in the eastern Mediterranean. In addition, the carrier John F. Kennedy, which had been in the western Mediterranean awaiting exercises with Spain, has been ordered east.

The carrier Independence, leading a battle group that carries 1,800 marines, is in the Atlantic on its way from Grenada. Pentagon officials said this group was originally scheduled to replace the Eisenhower and the marines now in Lebanon.

Altogether, about 30 U.S. ships with 300 planes will soon be in the eastern Mediterranean.

With tensions in Lebanon running high, U.S. officials viewed the

situation as volatile. They cited terrorist bombings of U.S. French and Israeli forces and attacks by Syrian-backed Palestinians against the Palestine Liberation Organization forces led by Yasser Arafat in northern Lebanon.

The United States still believes that the Iranians and their Lebanese Shiite Muslim allies were responsible for the bombings, with Syrian assistance. Israel retaliated Friday with air strikes against Syrian and Palestinian positions for a truck-bomb attack that day on an Israeli Army post in the port of Tyre in southern Lebanon.

State Department officials said there was concern over the rocket battery and that air power or naval fire might be directed against it as a pre-emptive move.

There are factors mitigating against such a step, officials said. The negotiations among President Amin Gemayel of Lebanon and the Lebanese factions are at a crucial stage. They recessed in Geneva on Friday to give him time to discuss possible revisions of the Lebanese-Israeli agreement of May 17, which sets the terms for Israel's withdrawal from Lebanon.

The United States wants to keep the Lebanese focused on those talks, State Department officials said, and not create a diversion by military action. In addition, President Ronald Reagan and Secretary of State George P. Shultz are due to leave Washington Tuesday for a trip to Japan and South Korea, and the White House would like to avoid military action while Mr. Reagan is abroad.

But the officials said that the marines' safety had to be given high priority, and if military action was needed, it would be taken.

The Syrians have been nervous about the possibility of American military moves and have been telling U.S. diplomats that they had nothing to do with the explosion that killed the marines. On Friday, Tass, the Soviet government news agency, said the United States was planning a major military assault in Lebanon.

U.S. officials said they believed that this statement was motivated by Syrian concern, since it echoed statements in the Syrian press last week.

WORLD BRIEFS

Gemayel Delays Departure for U.S.

PARIS (Combined Dispatches) — President Amin Gemayel of Lebanon on Sunday delayed his departure for Washington on the second stage of a tour aimed at securing Western and Arab help in getting a negotiated early withdrawal of Israeli troops from Lebanon.

Mr. Gemayel met President François Mitterrand of France on Saturday on his first stop after a conference in Geneva of Lebanese factional leaders gave him a mandate for talks on an Israeli pullback. A spokesman for Mr. Mitterrand said that Mr. Gemayel was not expected to hold any further talks with French officials.

He said that Mr. Gemayel had been expected to leave Paris for Washington Sunday morning, but he delayed his departure for unknown reasons. U.S. officials told The Associated Press that it appeared unlikely he could meet President Ronald Reagan in Washington at this time as Mr. Reagan is leaving Tuesday morning on an Asian tour.

6 Reported Shot at Israeli Prison Camp

BEIRUT (UPI) — Israeli guards shot four prisoners to death Sunday and wounded two others during a demonstration at the Israeli prison camp Ansur in southern Lebanon, Lebanese television said. An Israeli military source in Tel Aviv called the report "a fabrication."

Reports of the demonstration were made two days after Israel said that an Israeli bulldozer had crushed six Palestinian prisoners at the camp. Wafa, the Palestine Liberation Organization news agency, said the six had been executed for trying to escape.

The prison camp houses 5,000 Lebanese and Palestinian prisoners.

Alfonso Pledges Growth of Economy

RIO DE JANEIRO (AP) — Raúl Alfonsín, the Argentine president-elect, said in an interview published Sunday he would not let renegotiating the country's foreign debt "impede the resumption of Argentina's economic growth."

"More important than the foreign debt is eradicating the country's misery," Mr. Alfonsín said in the interview published in *Veja*, Brazil's largest weekly news magazine. "We will negotiate with payment periods compatible with our conditions, maintaining our tradition as good payers." Argentina has \$40 billion foreign debt.

Mr. Alfonsín, 56, who led the Radical Civic Union party to victory in elections on Oct. 30, also said he would revoke the law giving amnesty for human rights violations and judge members of the military on a case-by-case basis.

Medicare Panel Urges Major Changes

WASHINGTON (NYT) — A federal advisory committee has voted to recommend major changes in Medicare, including raising the age of eligibility to 67 and increasing the premiums paid by beneficiaries, as part of a comprehensive package to avert the bankruptcy of the U.S. government's health-care program for the elderly.

The panel also called on Congress to broaden the revenue base by raising the federal excise taxes on alcohol and tobacco products and setting aside the extra receipts for Medicare.

Otis R. Bowen, the chairman of the 13-member advisory body, said that the proposed changes could produce \$300 billion in new revenues and savings over the next decade, thereby eliminating the projected deficit in Medicare's hospital insurance trust fund. Mr. Bowen, a Republican, is a former governor of Indiana.

Thatcher and FitzGerald to Meet Today

LONDON (UPI) — Prime Minister Margaret Thatcher is scheduled to hold talks Monday with her Irish counterpart, Garret FitzGerald, for the first time since 1981, to discuss strife in Northern Ireland and bilateral relations.

Political sources in London and Dublin stressed that Monday's talks would be low-key and would not involve any new initiative to resolve the Northern Ireland conflict. "Dr. FitzGerald will be more interested in restoring good relations" after the Irish criticized Britain last year for going to war with Argentina over the Falkland Islands, a government source in Dublin said.

On the eve of the talks, police in Northern Ireland were on full alert after three policemen were killed and 43 persons injured in three separate attacks.

Thorn Optimistic on Hong Kong Role

HONG KONG (Reuters) — Gaston Thorn, president of the European Community Commission, said Sunday after visiting China that he was optimistic about the future of Hong Kong, and said the community considered it important to preserve the colony's role in world trade.

Mr. Thorn, in Hong Kong after four days in China, said he had stressed the British colony's contribution to international trade during his talks with Chinese officials. Britain and China are negotiating the colony's future after 1997, when a lease on most of the territory expires.

"Hong Kong is an important part of the international trading system and all its trading partners, including the European Community, attach importance to preservation of these links," Mr. Thorn said. "I am optimistic about the future of Hong Kong because nobody, and certainly not China, has any interest in putting at risk the prosperity of this place."

For the Record

Prime Minister Pierre Elliott Trudeau of Canada was scheduled to leave Ottawa Monday for talks with the leaders of France, West Germany, Britain, Belgium, Italy and the Netherlands, as well as with Pope John Paul II. He was expected to discuss a plan to improve dialogue between the United States and the Soviet Union, officials said. (AP)

A former leader of Amnesty International's Soviet chapter, Vladimir Albrecht, will go on trial Thursday for anti-Soviet agitation, supporters said Sunday in Moscow. Mr. Albrecht, 50, was arrested in April on charges of "knowingly disseminating fabrications discrediting the Soviet political and social system." (AP)

King Hassan II of Morocco has announced the formation of a government that will include the opposition. The government, which will include six parties, will supervise legislative elections set for early next year, the king said in a broadcast Saturday from Rabat. (Reuters)

Andropov Misses Ceremony; Serious Illness Is Rumored

(Continued from Page 1)

on Mr. Andropov's health. But the appearance of his portrait along Monday's parade route was viewed as an indication that Mr. Andropov's absence was attributable to health rather than political problems.

A series of statements in Mr. Andropov's name have been published in the past two months, most of them focusing on the deployment scheduled to begin next month of new U.S. medium-range nuclear missiles in Western Europe.

On Saturday morning, the Soviet press carried a decree signed by Mr. Andropov on important military promotions.

Mr. Andropov's absence overshadowed Saturday's ceremonies, which were attended by all Moscow-based Politburo members. Konstantin U. Chernenko, 71, Mr. Andropov's main rival in the past, led the other members of the ruling body to the stage.

The keynote speaker was Mr. Romanov, 60, former leader of the party's Leningrad chapter and a member of the Politburo.

Mr. Romanov received applause when he said the Soviet Union would respond to the deployment of the new U.S. missiles by putting missiles in East Germany and Czechoslovakia and taking other unspecified retaliatory steps.

Mr. Romanov denounced the Reagan administration, but also said Moscow would continue its "peace" policy and that it wanted to improve ties with the United States.

Congressman Sees Longer U.S. Stay in Grenada

(Continued from Page 1)

Intelligence Committee as well as aides.

At a briefing late Friday at the still-incomplete Port Salines airport, Major General Edward T. Rostow, commander of the 82d Airborne Division, told the congressman that the Grenadian People's Revolutionary Army had generally been an inept combat force but that the Cubans had fought well.

Several members of Congress expressed skepticism about the rationale for the invasion, and the information they received on Saturday

seemed to confirm some of their doubts.

"I think we are just plain confused about why the United States went in," said Representative Don L. Bonker, a Washington Democrat and member of the Foreign Affairs Committee, as he walked beside warehouses crammed with Soviet AK-47 rifles, 82mm mortars, anti-aircraft guns and Czechoslovak-made band grenades.

"What we're finding is impressive in terms of Cuban and Eastern European military equipment," he said. "But when the president announced his reasons for the invasion, all he said was that we were

going in to save American lives and end the political chaos here, nothing about Cuban weapons."

Nonetheless, a congressional aide, who described himself as "one of the more left-wing people on this trip," said he was impressed at the stacked warehouses of weapons in southern Grenada. "There seems to be a potential threat here, but not an actual threat," he said.

Such a view was disputed by several senior Democrats and Republicans on the Armed Services Committee, including Samuel S. Stratton, a New York Democrat, and Elwood Hillis, a Republican from Indiana.

Israel Weighs Security Measures in Lebanon

(Continued from Page 1)

dials that since Israeli troops withdrew from the Beirut area on Sept. 4, Syria and its surrogates have been aggressively asserting their influence over the Lebanese government, as well as supporting attacks like those against French and U.S. installations Oct. 23 and on the Israeli military compound Friday.

"The Syrians are moving at a very rapid rate in a direction which can only lead, if it continues, toward confrontation," Mr. Kimche said.

He said his government had intelligence reports that gave it "every reason to believe" that Syrian and Iranian forces in Lebanon were

involved in the attacks on the U.S. French and Israeli barracks.

Mr. Kimche declared that "Israel doesn't want war." But he continued, "If the Syrians are to use aggression in any manner or form, they will find Israel more than ready to reply in such aggression."

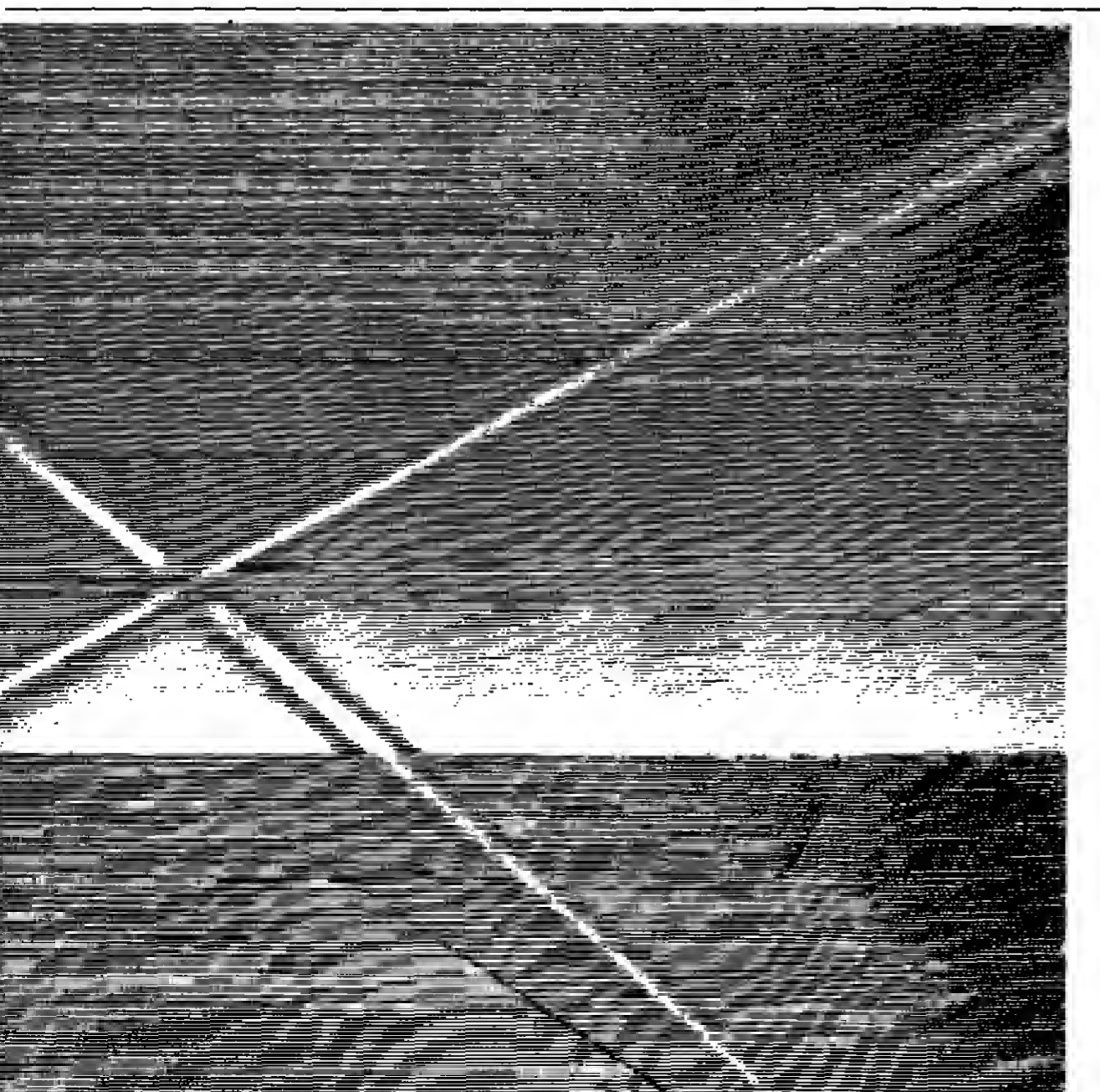
A number of ranking U.S. and Israeli policymakers have argued that there can never be a Lebanese reconciliation and withdrawal of foreign forces unless the balance of power there is radically shifted to the disadvantage of Syria.

Mr. Kimche appeared to endorse this line of thinking, saying: "I think the Lebanese as much as we don't want to see terrorism taking root in their country again. I think

that if we show the Syrians and the terrorists that they cannot have their own way, this may be for the good of the diplomatic efforts."

When asked if Israel would accept any modifications in the security accord with Lebanon, Mr. Kimche said: "We would not accept any basic change in that agreement."

The fact that he did not unequivocally rule out the possibility of revisions was clearly not an accident. Mr. Kimche was asked the question in three different ways and each time he left open the possibility of revisions, while always adding that this was not what Israel preferred or expected.



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AMERICAN TOPICS

Rights and Royalties

People who tape music from the radio or from albums may be saving money, but they are costing songwriters, performers, publishers, record companies and other copyright holders a bundle in lost royalties, the recording industry contends.

Not surprisingly, the industry is actively backing legislation pending in the Senate that seeks to recover some of the lost royalties for the music makers.

Called the Home Recording Act, the bill would require the manufacturers and importers of tape recorders and blank tapes to contribute to a royalty pool that would be divided among the copyright holders of recorded music.

Among supporters and opponents alike, few doubt that consumers will end up footing the bill in the form of higher prices for tapes and recording equipment.

A spokesman for the Audio Recording Rights Coalition, which includes the makers and sellers of tapes and tape recorders, says the proposed legislation amounts to "a subsidy to the consumer's expense" and an unfair penalty on Americans who use their tape recorders and blank tapes for purposes other than taping music.

Proponents of the bill, who call themselves the Coalition to Save America's Music, were backed by Alan Greenspan, former chairman of the President's Council of Economic Advisors, in testimony before a Senate Subcommittee on Patents, Copyrights and Trademarks.

"There is very little the recording industry can do to achieve profitability in the face of the continual expansion of home taping," he said.

Notes on People

Senator Edward M. Kennedy, Democrat of Massachusetts, has received a charter membership card from the Republican Governors Association with a letter signed by President Ronald Reagan. The letter, addressed to the Honorable Edward Kennedy, thanks him for supporting Republican candidates for governor last year, a service not given, according to the senator's office.



Edward M. Kennedy

Although Ruth O. Gloster pleaded guilty in 1980 to taking the government's money through welfare fraud, the government had no business then firing her as a janitor, the U.S. Court of Appeals in Washington has ruled. A three-judge panel ordered her reinstated as a janitor for the General Services Administration and awarded her back pay.

Growing Up Hungry

As many as 17,500 preschoolers in Massachusetts may be chronically malnourished, according to a health study conducted by the state and prompted by reports from Boston-area pediatricians of serious nutritional problems among their patients.

A survey at community health centers found that 18 percent of the children 6 months to 6 years old had indications of chronic malnutrition, Governor Michael S. Dukakis said the study of 1,429 children during the past spring and summer was evidence that "serious nutritional deficiencies constitute a major health problem

D.C. Opportunity

Traditionally, Washington has been a good town for professional women, thanks largely to job opportunities and hiring practices in the federal government. Women attorneys are finding the capital a particularly good place to be.

While women account for only 27 of the 560 partners in the city's nine largest law firms, at the level of associate in the same nine top law firms—position considered a stepping stone to partnership—there are 245 women and 548 men.

"In the next five years, law firms will really start to change. It's just beginning," says Marina Tucker, president-elect of the

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Development Slowly Invades a Quiet Florida County

By Reginald Stuart
New York Times Service

SOPCHOPPY, Florida—In a state whose population has been growing dramatically, Wakulla County is one of the last bastions of the old, unspoiled Florida.

Situated on the northern shore of the Gulf of Mexico, just below Leon County and the state capital in Tallahassee, Wakulla County has the 10th smallest population among Florida's 67 counties, 10,887. As in a small family, nearly everyone who has been here for awhile knows almost everyone else. The shoreline has no beaches known for size or surf, just a quiet sandy shore where fiddler crabs roam freely and seagrass beds thrive.

It is a mixed blessing, some say, that for years Carlton Tucker, the county clerk, knew every person selected for a jury on a first-name basis.

It is a statement of respect to the Lord that Charlie W. Tucker, 87, one of the county's best-known painters, goes to church every Sunday even though his partial loss of hearing makes it impossible to hear most of the service, says Alma, his wife of 62 years.

It is a labor of love, say admirers of the Spears family, that Lee Spears, 55, is a third-generation commercial fisherman here and that his two sons are growing up in the family business.

And it is a tribute to community enthusi-

asm over worm grunting that the people of Sopchoppy are hesitant to single anyone out as the best. Grunting is the art of drawing worms to the earth's surface by placing a stick in the ground and rubbing it with a metal object to cause vibrations.

But the quiet life of Wakulla County is changing, just as it has in past years in such places as the so-called Redneck Riviera of the panhandle to the west and Dade and Broward counties to the south.

Signs of change, some of them subtle, others more dramatic, are emerging everywhere. Growth and development are marching on what one real estate agent has promoted as Florida's last frontier.

About 60 percent of the land in Wakulla County is owned by either the federal government, which maintains its share as wildlife preserves and national forests, or St. Joe Paper Co., which harvests and replants timber. Builders of condominiums have their eyes on the remaining available shoreline, while many individuals are seeking heavily wooded property further inland to get away from the life of the "big city."

Thomas A. Hardy, 56, a retired state employee who moved to nearby Panama before moving to Sopchoppy, was popular, got a rude awakening to the county's changing life a few months back. One day he looked out of his small, barn-shaped wooden house on the

shore, and saw construction crews plowing away on land adjacent to his.

Today an angry Tom Hardy lives within 30 feet (nine meters) of a three-story, three-building, \$15-million condominium complex that covers 90 percent of the lot on which it was built. "It used to be real beautiful out here," Mr. Hardy said as he stood in his yard, the imposing structure looming up behind him.

There are plans for hundreds more condominiums, county officials say.

Lee Spears, whose expertise in commercial fishing is matched only by his chewing-to-hacca tales, is getting his own rude awakening. He has joined the chorus of commercial fishermen who complain that sport fishermen are growing in numbers and hoisting nets as big as the ones of those who do it for a living. When the sport fishermen are not vying for turf in the water, recreational boats are buzzing by, "blowing fish out of the water" as they pass, Mr. Spears complained.

"We're being pushed completely aside in the name of free waters," Mr. Spears said. "We have a heritage here," he added, pointing to a nearby spot on the shore where his father had had a stroke and another spot where another longtime commercial fisherman here had suffered a heart attack and died shortly afterward. "I don't do this for the money," said Mr. Spears. "I do it because my pa and my grandpa did it."

Even Carlton Tucker, 55, can see a change in things. He says that these days he hardly knows half the people selected for a six-person jury.

The running complaint about the changing skyline of Wakulla County is a familiar one. Allan Loftin says the people here are not resisting development so much as uncontrolled development.

Mr. Loftin, whose mother grew up here, is head of a local group that has been trying to persuade the county commissioners that shoreline growth in particular may have an adverse effect on the seafood industry, one of the major local employers, and that unmanaged growth may have an unwanted impact on the county as a whole.

Developers found a county with no zoning ordinance, a fairly vague comprehensive plan for land use and a weak Planning Commission staff, Mr. Loftin said.

Osser Avery Scott, a county commissioner, says the calls of his constituents are not being ignored. But he says that commissioners in this region have a deep respect for people's rights.

"We'd all probably like to see development come to a screaming halt," said Mr. Scott. "But people who own their property have a legal right to do with their property as they want as long as it is environmentally safe. People just have a difference of opinion of what they think is environmentally safe."

Reagan Is Said to Allow Larger Military Say in Security Policy

By Richard D. Halloran
New York Times Service

WASHINGTON—The Reagan administration has encouraged a quiet but steady expansion of military influence in decisions about national security, according to administration officials, military officers and former defense officials.

In the Grenada operation, President Ronald Reagan and Defense Secretary Casper W. Weinberger turned over control of the invasion almost completely to military officers once the president had given the go-ahead, administration officials said.

On many longer-range issues, the star of General John W. Vessey Jr., chairman of the Joint Chiefs of Staff, has risen. General Vessey, an army officer, stays out of the public eye, but civilian officials and military officers alike say his advice has been increasingly well received.

The administration has submitted a measure to Congress that would strengthen the role of the chairman of the Joint Chiefs and the joint staff.

The legislation, passed by the House and currently before the Senate, would shift the legal status of the chairman from adviser to commander. Now, General Vessey is not legally in the chain of command but is the senior military adviser to the president and secretary of defense. He has no military au-



General John W. Vessey Jr.

thority and acts only in the name of the secretary.

If Congress approves, General Vessey and his successors would have authority to issue orders in their own names. Military officers doubt that, in reality, much will change, however.

In terms of personnel, several military officers or former officers have been moved into positions usually held by civilians. The new national security adviser, Robert C. McFarlane, is a former marine colonel; his deputy, Rear Admiral John M. Poindexter, comes from the navy.

"But don't be misled," cautioned a military officer. "The president and the secretary of defense are still in charge. Nobody around here doubts that." A former defense official said: "The military people have no illusions that they are in control."

The practice of naming former or serving military officers to positions usually filled by civilians is not new. The most notable was General George C. Marshall, who served both as secretary of defense and secretary of state after World War II.

More recently, Brent Scowcroft, an air force lieutenant general, was Henry A. Kissinger's deputy when Mr. Kissinger was President Richard M. Nixon's national security adviser. General Scowcroft, now retired, heads Mr. Reagan's commission on strategic nuclear forces.

Officials and officers pointed out that the military was not brought into the planning of the Grenada operation until Mr. Reagan had decided to invade. Moreover, an official said, "General Vessey had walked a narrow line so as not to politicize his position."

Some military ventures have been closely controlled by the administration, particularly the deployment of marines to Lebanon. But the military has acted as a brake in Central America, according to military officers, seeking to dissuade the administration from looking for military solutions in political and economic problems.

The sources agreed that military influence may be stronger on Reagan administration officials than it was on officials of previous administrations. "These people believe in military power, independent military power," said another former defense official. "To them it has an aura all its own."

Mr. Reagan acts on military matters as he does in most others, consulting himself with setting policy and making decisions, then leaving details to others. That is especially true on military issues, the sources said, because he has confidence in Mr. Weinberger.

In the eyes of critics, the president and Mr. Weinberger are too impressed by uniformed officers. Mr. Weinberger, for instance, is an avowed admirer of General Douglas MacArthur, under whom he served as an infantry captain in World War II.

Mr. Weinberger, however, does not consider himself a tactician, and thus is disposed to leave such matters to professional soldiers. "He figures he hires you to do a job,"

military or civilian," said an associate.

Mr. Weinberger has said that a shortcoming of the Americans in Vietnam was the failure of Washington to leave military operations to field commanders. Similarly, Mr. Weinberger believes the White House exercised too much control over the rescue mission in Iran in 1980.

Officials said that Mr. Reagan, Mr. Weinberger and the National Security Council brought General Vessey into deliberations on the feasibility of the Grenada operation. After the president decided to go ahead, he, in effect, told the general to do it.

The general relied in turn on the commander of U.S. forces in the Atlantic, Admiral Wesley L. McDonald, and the commander on the scene, Vice Admiral Joseph Metcalf 3d.

Officials said the British experience in the Falklands in 1982, in which field commanders were left alone, had impressed Mr. Weinberger and military officers.

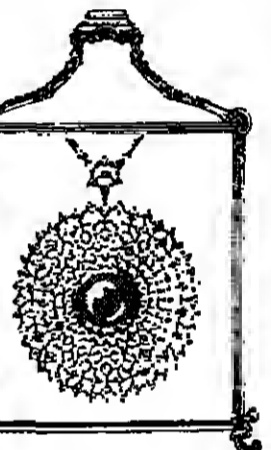
In the 16 months he has been chairman of the Joint Chiefs, General Vessey has made a point of nurturing close relationships among the five military chiefs, between the chiefs and Mr. Weinberger, and with the president, both personally and as leader of the other chiefs.

"We decided that we needed to tend that relationship and we needed to make it known to both the president and the secretary of defense that we thought the relationship needed tending," General Vessey said last June.

Some defense specialists think the real test of the Reagan administration's employment of military power and its control over military forces has yet to come, most likely in Lebanon.

Senior military officers, who once opposed dispatching a military force to Lebanon but who now oppose withdrawal in the face of terrorism, have been urging the administration to allow the marines to defend themselves better.

In addition, the administration is seriously studying ways of retaliating against the terrorists who blew up the marine headquarters at Beirut Airport, if it can identify them.



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Reagan Hesitation on '84 Said to Delay Fund Drive

By David Hoffman
Washington Post Service

WASHINGTON—President Ronald Reagan's reluctance to announce whether or not he will seek re-election until early next year has forced campaign officials to scale back plans for a major direct-mail fund-raising drive this month, according to Republican sources.

Last summer, White House officials decided to send the appeal to 22 million Americans in November, on the assumption that Mr. Reagan would formally enter the race in mid-December.

Now, however, Mr. Reagan appears to have postponed an announcement on his plans.

As a result, campaign officials have reduced the number of fund-raising letters to be mailed this fall to 500,000 to 800,000. They plan to send the rest if Mr. Reagan makes an official announcement to run. He has indicated that he will disclose his plans before his 73d birthday on Feb. 6.

The reason for the shift is that postponement of a formal announcement would make it more difficult to raise money from all 22 million contributors, officials said.

Renewal of Law On Waste Hazards Voted by House

New York Times Service

WASHINGTON—The House of Representatives, ending a long congressional stalemate over environmental legislation, has agreed by voice vote to reauthorize the law regulating the handling, shipping and disposal of hazardous wastes.

In so doing, the House adopted one amendment Thursday that makes more companies that produce hazardous waste subject to regulation, and another to phase out the disposal of hazardous waste in landfills over the next few years.

The law, called the Resources Conservation and Recovery Act, thus becomes the first of the major anti-pollution statutes administered by the Environmental Protection Agency to be reauthorized by either chamber of Congress since the Reagan administration took office nearly three years ago. The law still must be reauthorized by the Senate.

Spending authority for this law, along with the Clean Air and Water Acts, the Toxic Substances Control Act and the Federal Insecticide, Fungicide and Rodenticide Acts, had expired, but the EPA had continued to enforce them with appropriations from Congress made without specific reauthorization.

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Reagan Visit Likely to Provide A Political Boost for Nakasone

By Clyde Haberman
New York Times Service

TOKYO — It may not be what he had in mind, but when President Ronald Reagan arrives for a state visit this week he will probably find himself caught up in a political campaign.

No election has been called, but signs point to one sometime in the last two weeks of December, and that means the politicking is under way.

For Prime Minister Yasuhiro Nakasone, Mr. Reagan's trip could not have come at a more opportune time. Domestic politics has been, by normally tame Japanese standards, nothing short of odd lately, and Mr. Nakasone appears to have suffered a little damage. With West Germany's chancellor, Helmut Kohl, here last week and with the U.S. president coming Wednesday, Mr. Nakasone has been hoping his relatively aggressive style of foreign policy can offset domestic losses.

That assumes all goes well in his talks with Mr. Reagan, which most officials consider a reasonable bet. The early word is that the two leaders will try to emphasize their points of agreement, not trade and defense frictions.

Mr. Reagan will be here for three days, followed by a two-day trip to South Korea, where he will seek to bolster the government of President Chun Doo Hwan. That government is still reshaping itself after last month's bombing in Burma that killed four cabinet ministers and two of Mr. Chun's closest aides.

In Japan, political analysts say voters do not pay much attention to foreign affairs. But Mr. Nakasone has based a good part of his appeal on his international style, especially his relations with Mr. Reagan. These have been friendly, to the point that they call each other "Ron" and "Yasi."

At the least, this trip is not likely to hurt Mr. Nakasone, any more than he seems to have been harmed

by his government's agreement last week to extend to a fourth year what are politely called "voluntary" restraints on automobile exports to the United States. In exchange, the Americans accepted an

NEWS ANALYSIS

increase in the ceiling, from 1.68 million cars to 1.85 million.

The Japanese do not like the idea of their cars sitting on the Yokohama docks instead of in American garages. However, the latest deal was such a foregone conclusion — perhaps even an obligatory well-coming gift to Mr. Reagan — that Mr. Nakasone is not bracing for trouble on this score.

More worrisome are purely domestic concerns, rooted in an opposition boycott that has paralyzed Japan's parliament since Oct. 12, when former Prime Minister Kakuei Tanaka was convicted of taking substantial bribes from the Lockheed Corp.

Despite weeks of clamor for his resignation, Mr. Tanaka, 65, has refused to give up the Diet seat he has held since 1947. He says he is innocent and insists that his rural

Zimbabwe Curbs Reports on Rebels

New York Times Service

HARARE, Zimbabwe — The government has placed restrictions on reporters working in the troubled southwestern province of Matabeleland.

Prime Minister Robert Mugabe's government said Friday that all journalists were forbidden to report about violence in the area.

The area has been the center of violence by supporters of the opposition leader, Joshua Nkomo, and by the army. The press has widely covered charges by aid groups that the army has killed 2,000 civilians.

U.S. Calls Off Search for Wreckage, Flight Recording Boxes of Korean Jet

By B. Drummond Ayres Jr.

New York Times Service

WASHINGTON — The search has been called off for wreckage of the Korean Air Lines 747 shot down over the Sea of Japan on Sept. 1 by a Soviet fighter plane with the loss of 269 lives, the Defense Department has announced.

The search, conducted by U.S. and Japanese ships trailing bottom-scanning devices, was aimed

mainly at recovering the airliner's flight recording boxes. But the only thing turned up was a cooking pot lost long ago by a ship.

"We've looked everywhere we think it might be and we haven't found a thing," a Pentagon spokesman said Saturday. "Maybe it's lying within Russian waters. But that's another thing. They won't let us in."

The searchers were hampered from the start by bad weather and

the mountainous nature of the sea bottom. Soviet ships crisscrossed the search area, conducting their own hunt but also intent, it appeared, on disrupting the U.S.-Japanese effort.

The officials said repeated protests to the Soviet authorities about such incidents had been ignored. The Soviet Union also refused repeated requests from the U.S. and Japanese governments for permission to search a section of sea bot-

tom lying within Soviet territory. Some Soviet ships were reported by U.S. Navy officials to be still conducting search operations.

The American and Japanese searchers had hoped that by salvaging the recording boxes, which keep a running record of flight movements and tape cockpit voice transmissions, definitive answers could be obtained as to why the South Korean plane strayed.

The Soviet Union has main-

tained that the 747, KAL Flight 007, was on a spying mission, aided and abetted by U.S. intelligence agencies. The South Korean and U.S. governments have vehemently denied that assertion, maintaining the plane was on a routine flight from Alaska to South Korea.

Immediately after the airliner went down, search ships found a few pieces of wreckage floating on the surface. Some wreckage and several bodies were also recovered

from Japanese beaches lying south of the crash site.

On Sept. 26, the Soviet Union turned over a crate of debris, which included clothing and documents, to Japan.

U.S. and Japanese ships concentrated on a 150-square-mile (388-square-kilometer) section of rugged sea bottom centered about 25 miles (40 kilometers) northwest of Moneron Island, off southwest Sakhalin.



Rescuers helped a wounded man at the Martyr's Mausoleum in Rangoon, Burma, Oct. 9 after a bomb explosion that killed four South Korean ministers. This photograph was taken from previously unshown film screened by Japan's NHK television network Saturday.

North Korea Says Peace Is Endangered By Burma's Move to Cut Off Relations

By Clyde Haberman

New York Times Service

TOKYO — North Korea has dismissed as "sheer fabrication" an official Burmese finding that it was responsible for the Oct. 9 bombing in Rangoon that killed 21 persons, including 17 high-ranking South Korean officials.

The Pyongyang government said Saturday that it was "unjustifiable" for Burma to sever diplomatic ties and to order North Korean Embassy officials to leave by Sunday.

Breaking off relations was "a dangerous act seriously endangering peace in Asia and the world," the North Korean Foreign Ministry said in a statement carried by the official Central News Agency and monitored in Tokyo.

The statement and new South Korean denunciations of North Korea increased tensions on the Korean peninsula. They were already extremely high.

South Korean officials have said that they fear a North Korean plot against President Ronald Reagan when he visits Seoul next weekend after a three-day trip to Japan.

The South Korean armed forces were put on full alert Saturday, although that did not appear to be accompanied by any significant change in military actions.

On Friday, the Burmese government announced that its investigators had determined that two men captured and another one killed a few days after the bombing were North Korean commandos. The finding, according to the announcement, was based on material discovered at the explosion site and on the three men, and on confessions made by the two survivors.

The blast occurred at the Martyr's Mausoleum in Rangoon as South Korean officials gathered for a wreath-laying ceremony. Among those killed were four government ministers and two close personal

aides to the South Korean president, Chun Doo Hwan, who had just begun a trip to six Asian nations.

Mr. Chun was the apparent target, but he escaped harm because he was several minutes late arriving at the ceremony.

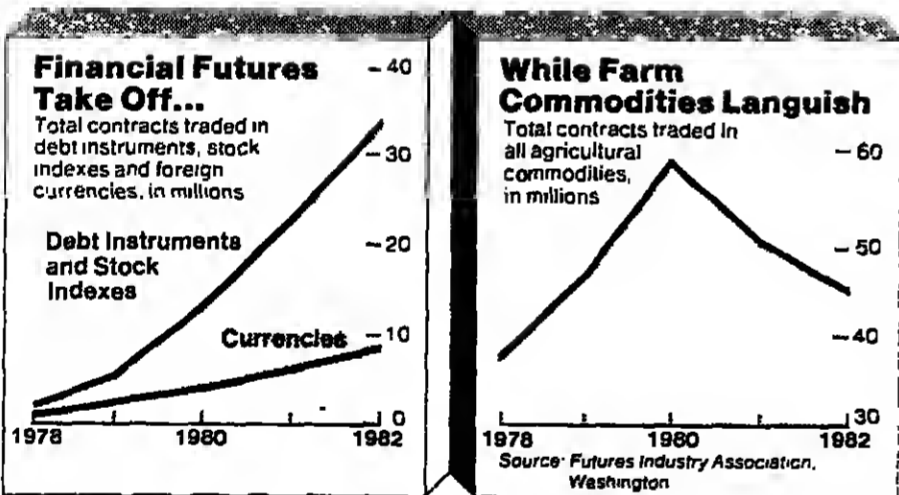
Japan Curtails Ties

Japan will curtail future private exchanges with North Korea following Burma's decision to break ties with Pyongyang for its alleged involvement in the terrorist bombing in Rangoon, United Press International reported from Tokyo on Saturday, quoting a government spokesman.

Tokyo has no diplomatic relations with North Korea and is likely to curtail non-governmental exchanges in culture and trade.

On Friday, Foreign Minister Shintaro Abe said Japan contemplated "severe" moves against North Korea.

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Papers Seized in Grenada List Big Arms Agreements

By Patrick E. Tyler
and Walter Pincus

WASHINGTON — The State Department has released documents seized during the U.S. invasion of Grenada that detail disarmament in the Marxist government, which could not repair roads or adequately feed its army but was accepting a stream of weapons and military equipment from Cuba, the Soviet Union and North Korea.

Among the documents are five military assistance treaties for arms deliveries from 1980 through 1985. The weapons to be sent included 3,050 used and reconditioned Soviet AK-47 assault rifles from the Soviet Union, 1,000 AK-47s from North Korea, 2,500 used Soviet carbines, 7,000 mines, 15,000 grenades, 1,050 pistols, 293 sniper ri-

fling and 74 rocket-propelled grenade launchers.

Not all of the equipment to be supplied was new or of the highest quality. For instance, the Soviet Union agreed to send 50 used and repaired armored personnel carriers of uncertain vintage to the island.

The documents shed no light on how Grenada's leftist leaders planned to use the weapons and material beyond building up the island's defenses and equipping its army.

One protocol with Cuba states as its purpose "the aim of making a contribution to the strengthening of the defensive capacity of Grenada."

Some of the numbers were high, however. One supply agreement with the Soviet Union called for delivery of 12,600 military uniforms, 25,200 pairs of socks and

6,300 belts, helmets and pairs of boots. The numbers suggest an intention to furnish 6,300 soldiers and militiamen with two uniforms each and four pairs of socks.

Based on the volume of weapons supply, Reagan administration officials have concluded that Grenada was building a military force out of proportion to the island's size or military needs.

The internal records of members of Grenada's revolutionary leadership, along with their public statements over the last two years, also showed that they saw many threats to their survival, especially from the United States.

Among the records are detailed minutes of meetings of Grenada's Central Committee of the New Jewel Movement during September and October, when a majority was pushing Prime Minister Maurice

Bishop to accept responsibility for what was seen as a fountaining revolution. Mr. Bishop was put under house arrest Oct. 13 and executed six days later in a coup that led to the U.S. invasion.

Most of the information in the documents is consistent with official public statements made over state-owned Radio Free Grenada during the power struggle.

One key document, a set of handwritten notes dated Oct. 21, two days after Mr. Bishop's death, reflects the coup makers' disappointment in Cuba for criticizing their violent action. Some U.S. officials have stated their suspicion that the government of President Fidel Castro may have had a role in overthrowing Mr. Bishop, who had traveled to the United States in June with a stated purpose of try-

ing to improve his country's relations with Washington.

"The Central Committee concluded," according to the minutes, that "all members of the Central Committee must be criticized for weaknesses and failure, in the form of low levels of discipline, organization, ideological development, and in particular for the failure to put the party on a Leninist path."

Committee members expressed their "shock" over the state of the island's roads and their concern about grumblings in the army that party leaders were driving new cars while soldiers were being poorly fed.

The September meetings of the committee, a key decision-making body in Grenada's government, produced a movement to wrest much of the day-to-day control over the governmental and political machinery from Mr. Bishop and turn it over to Bernard Coard, whose management skills as deputy prime minister appeared to have wide support on the committee.

A committee record states that Comrade Bishop lacks the precise qualities and strengths that are particularly required to carry the process forward in these most difficult times.

The committee saw its New Jewel Movement drifting into "rightist opportunism" in which the island's economy, based on tourism and mixed agriculture, was ignoring revolutionary change. One Central Committee member said the crisis was so deep that the country was ripe for a counterrevolution.

The handwritten report of a 15-hour meeting Oct. 12 documents the final confrontation between the strong-willed Mr. Bishop and his opponents. Central Committee members apparently accused Mr. Bishop of falsely charging that his opponents, led by Mr. Coard and his wife, were plotting to assassinate him. The committee members concluded that the charge was false and thereafter voted to confine Mr. Bishop "indefinitely" in his house, cut off his telephone and disarm him "for his own safety." These moves were greeted with "long applause" in the committee assembly, the records show.

A sense of the Revolutionary Military Council's isolation after Mr. Bishop's death emerged from notes made Oct. 21, one day after Mr. Castro announced his distress over the death of his friend Mr. Bishop.

Calling the Havana statement "sharply worded," the notes said the Cubans "overemphasized" their relationship to Mr. Bishop and "have not referred to themselves as being an ally of the Grenadian revolution."

Mr. Castro's criticism, the note writer said at one point, "creates an atmosphere for speedy imperialist intervention."



Grenadian troops line up at a soccer field in St. George's to register with the multinational armed forces. They were released, after giving their names, pending further investigation.

U.S. Pressing El Salvador on Death-Squad Links

By Joanne Omang

SAN SALVADOR — The U.S. Embassy here is pressing the Salvadoran government for the removal of several high-level officials, military officers and political figures whom it links to rightist death squads.

Activities of the death squads have increased markedly in the past several months.

Embassy officials refused to provide a list of names, but the individuals are widely believed by Western diplomats here to include the intelligence chiefs of two branches of the Salvadoran military, two security officers in the Constituent Assembly, two provincial army commanders and two suspects in the 1981 slayings of two American land reform workers and the Salvadoran head of the Land Reform Institute.

The officials said the embassy pressure had produced little concrete response from the Salvadoran government, which is headed by President Alvaro Magaña and Defense Minister Engenio Vides Casanova.

"We're awaiting a response," said an embassy source. "We hoped that things would have happened by now."

The officials said the pressure had been applied in a series of conversations with Salvadoran government officials.

They attributed the government's apparent inability to deal with the situation, other than recognizing U.S. concern, to the interconnecting families, school ties and economic relationships among government officials and the people involved.

While critical of the death squads, which have operated in El

Salvador for many years, the Reagan administration in the past has tended to view them as less threatening to Salvadoran stability and U.S. goals here than the activities of leftist guerrillas seeking to overthrow the government.

At the same time, the administration has been reluctant to endorse the widespread belief here that the squads are directly connected to some rightist elements in the government and military.

But in recent months, the death squads increasingly have targeted moderate and centrist political and labor officials who support land reform and other policies the administration sees as essential here.

Although U.S. officials insist they have long pressured the government to deal with the death squads, they say that a combination of continuing official recalcitrance and increased activity by death squads has moved them to step up their efforts.

Embassy officials and Salvadoran Army sources say they believe the death squads consist of very small groups that may or may not be interconnected. While the actual participants in the squads are believed to be active-duty soldiers or paramilitary troops, they are believed to act under specific orders.

At the same time, "they tend to be oblivious to, if not disdainful of," warnings from the U.S. Congress that military aid will be cut if the murders continue, a senior diplomatic official said. "They're taking everybody on. They're just nuts."

The administration has said repeatedly that it believes the continuance of U.S. aid here is essential to regional policy objectives and thus far has given no indication it might stop or curtail military aid

economic assistance to the Salvadoran government.

Commenting on the difficulty of pressing for action against the death-squad leaders, a U.S. Embassy source said, "We have a good idea who some of the major players are, but it's not something you can take into court. What we want is that they dig in and find out about these guys; see if the charges have any merit."

To that end, U.S. officials "make it clear that we know what they know," he said. "The names may or may not come up."

Another embassy source said U.S. officials had approached Salvadoran officials "on a number of matters," adding, "We're awaiting a response. We hoped things would have happened by now, and we still expect that changes will be made."

The embassy has asked publicly for action in the case of Rodolfo

Lopez Sibrian and Ernesto Avila, two army officers allegedly involved in the death of the two American agrarian reform workers.

Public threats from groups claiming to be death squads have increased sharply since September, when agrarian reform first came under consideration in the assembly and the government was beginning to hold talks, which have since stalled, with political leaders among the guerrillas.

Since then, the death squads have claimed responsibility for 11 murders, four bombings and at least two kidnappings.

The year's total of 15, however, is "not much higher than in other years," according to Maria Julia Hernandez, who keeps track of such things for the Legal Aid Society of the Roman Catholic archdiocese here. "What has gone up is the propaganda level."

China Condemns Invasion of Grenada As 'Naked, Bloody Aggression' by U.S.

Washington Post Service

BEIJING — China has attacked the U.S. invasion of Grenada as "a naked, bloody aggression."

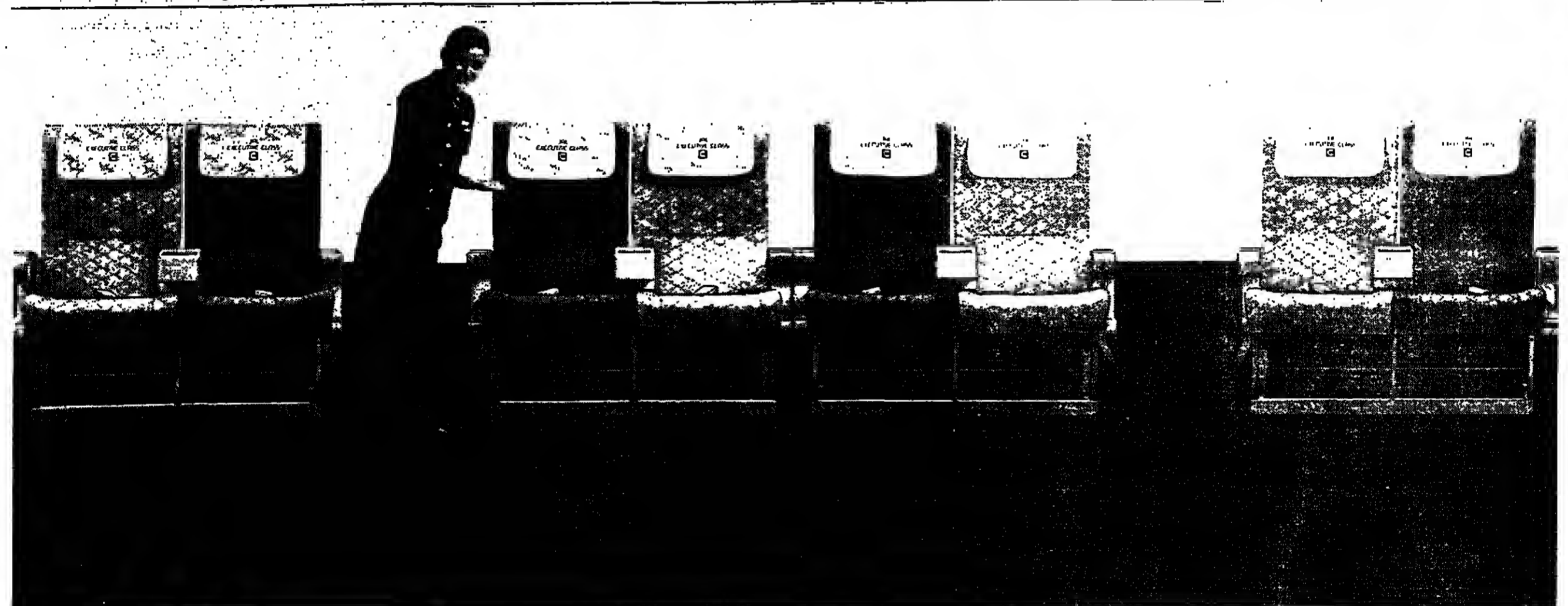
The attack, in a commentary by the official news agency Xinhua, was seen as the strongest Chinese criticism of U.S. foreign policy in recent memory. Diplomats said it was designed to bolster China's image in the Third World, and it comes at a time of generally improving relations between Washington and Beijing.

"Many people are concerned about whether the armed invasion of Grenada was a dress rehearsal for still greater operations to come," said Peng Di, a news agency

commentator. "Speculations are running high on who will be the next target."

"It is something to rejoice for Washington," he said, "but a tragedy in the history of international relations." Mr. Peng said President Ronald Reagan's stated intention of protecting U.S. nationals on Grenada was "a farce" and described claims that U.S. forces were invited to invade Grenada by neighboring states as "political magic."

The real reason for the U.S. invasion, Mr. Peng said, was the preceding coup "and the resulting junta," for which Washington had a strong dislike.



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INTERNATIONAL Herald Tribune

Published by The New York Times and The Washington Post

Winter After the Bomb

Even a limited exchange of nuclear weapons will so blot out the sun with smoke and soot, a group of scientists asserted last week, that life for the survivors will be almost impossible in the ensuing dark and cold. ... Paramount Pictures has just released "The Day After," a movie about life after the Bomb. ... In two weeks, ABC will broadcast "The Day After," a movie about a typical American city following a nuclear strike.

Why this deluge of re-stating the obvious? Doesn't everyone know by now that nuclear disaster is hazardous to human health? Surely every sensible person everywhere believes preventing it is the world's most important cause.

The hard question is how, and the settled, if crude, answer is nuclear deterrence. Deterrence works because it is based on horror. What different policy is desired by those who now agonize about the extent of the horror? There is no visible alternative to deterrence, no matter how ghastly the ways nuclear war would kill.

Yet there is one justification for the rush of profiles in apocalypse: some people's persistent conviction that some nuclear war would not kill everyone, that some nuclear war is survivable, even winnable. Cavalier statements from the Reagan administration about fighting nuclear war are in part to blame. For instance, officials once took a noisy interest in civil defense with shovels. But such ideas hide an important issue, one raised by the scientists who are predicting nuclear winter: Perhaps relatively few nuclear explosions are needed to trigger terminal effects.

Nuclear destruction may be measured in megatons of explosive power. The Hiroshima bomb contained far less than one megaton. The United States and the Soviet Union now possess weapons totaling about 12,000 megatons. In 1975, the National Academy of Sciences examined the probable effects of a nuclear exchange involving 10,000 megatons.

The academy concluded that such an exchange would have no more effect on climate than the eruptions of large volcanoes, which inject similar amounts of dust into the high atmosphere. "At most, a 0.5-degree Celsius deviation from the average, lasting for a few years, might be expected." The consensus now emerging is that ground temperatures would drop well below freezing. Why the change?

Because until last year, no one thought about soot. It is no secret that Hiroshima and Nagasaki burned, yet scientists calculating climatic effects thought only of the dust from pulverized rocks and buildings, not of the soot and ash caused by fire. Being more absorbent, these particles block far more sunlight.

The scientists who spoke last week were describing a study that has not yet been published or properly checked. Nonetheless, their conjectures seem in line with parallel studies, including a second effort by the National Academy of Sciences.

The conjectures suggest that an exchange involving only 100 megatons could cause catastrophic changes in climate if it incinerated 100 cities. The sun would be almost totally blotted out through at least the Northern Hemisphere, land and water would freeze, only narrow strips along the coastlines would be habitable and those would be ravaged by violent storms.

From such studies, some threshold megatonnage may be definable above which climatic disaster is likely. Such a figure should temper the casual talk of nuclear war-fighting capability. And while scientists argue about soot and sunlight, the public may wonder what other effects of nuclear war have not yet been taken into account. Defining degrees of destruction is not an empty exercise so long as there are those in the United States or the Soviet Union who believe there is any point in ever risking nuclear war.

—THE NEW YORK TIMES.

The Vote in South Africa

It is easy to dismiss South Africa's constitutional referendum as a fraud. It is, after all, fraudulent. Only the whites, who number 4.6 million, were invited to vote on granting a limited and ambiguous role in national affairs to the coloreds (2.8 million) and Indians (850,000). Not only were blacks (21 million) not consulted, they stand to gain nothing from the new dispensation. There were, solid grounds for concluding that the referendum was simply an exercise designed to buy off the coloreds, or people of mixed race, and the Indians with trivial baubles, while blocking the way to any promise of rights for the blacks.

Is it not interesting, then, that so many white South Africans evidently have had difficulty coming to that seemingly incontrovertible conclusion? The vote for the proposal (among, to repeat, whites only) was an overwhelming 2 to 1. But if some part of the impulse of approval was to entrench the ruling minority's apartheid doctrine, another unmistakable part was to experiment with political change. The ambivalence that is a marked quality among many South African whites makes it impossible to assign fixed proportions to these two elements.

The vote against the new constitution, moreover, reflected two very different tendencies. One was a rejection of the proposal by a good number — not all — of the liberals. The other

was a rejection by conservatives who argued that it was the first dangerous slide down the slippery slope leading to black majority rule.

The Reagan administration, which has not had much to show for its policy of "constructive engagement" with South Africa, reacted quickly and positively. The State Department pronounced the vote a mandate for Pretoria to move "decisively" along the way to "constructive, evolutionary change toward a system based on consent of all of South Africa's citizens." These careful nudging words themselves exemplified the approach of constructive engagement. Those already skeptical of it could not but find the words pitifully barren of the passion and anguish they feel as they contemplate the system of institutionalized racism that is apartheid.

Will the South African government take the vote as a mandate for further change — for what might better be called real change, change granting genuine political rights to all South Africans? The only thing more foolish than giving Pretoria credit for something it has not yet done would be to rule out all possibility that the new constitution can yet make some contribution to the cause. There are too few openings for peaceful change under apartheid for even the meanness of them to be neglected.

—THE WASHINGTON POST.

Other Opinion

Toward Democracy on Grenada

Reports from Grenada indicate no serious security problems. As these things go, the American invasion (or rescue operation, if you prefer Washington's appellation) has run very smoothly indeed so far.

To manage the creation of a democratic society in Grenada may be a much more difficult task. It will become harder still if the U.S. administration were to foist on the Grenadians a government of Washington's toadies. The last thing Grenada needs is one of those right-wing authoritarian Mr. Jean Kirkpatrick is so fond of.

This is where Sir Paul Scoon can play a decisive part. He has denied any intention of planning an American nominee in power. Rather, he seems inclined to form a government of technocrats who will run the country while an electoral roll is prepared and political parties formed. This will take at least six months, more likely a year. Then an election will be held, and Sir Paul has made it clear that any remnants of the New Jewel Movement, as it existed before the assassination of Maurice Bishop, will be permitted to stand. In this he is absolutely right and deserves support.

—The Observer (London).

Easing U.S.-European Tension

The United States has agreed to compensate the European Community to cover at least some of the damage done by tariffs and quotas imposed by Washington last summer on specialty-steel imports. This could be a precedent for settling in a positive way the other area of nasty contention between the United States and the Common Market, agriculture, which is of enormous consequence to both parties.

—The Los Angeles Times.

Our Hungry Children

The starvation death which is the lot of a number of children in some other Third World countries. But malnutrition is a very serious problem here. According to one estimate, 600,000 children die of malnutrition every year in Pakistan. Although all deaths might not be directly attributed to poor nourishment, many children who are not properly fed cannot stand the rigors of childhood diseases, because of lowered resistance. It is important that the question of child health and nutrition are tackled on a community basis with the active support of the government.

—Down (Karachi, Pakistan).

FROM OUR NOV. 7 PAGES, 75 AND 50 YEARS AGO

1908: The Jobless Pour Into London

LONDON — As winter comes on, the unemployed increase about 10 percent a week. They come to London from all the big cities: Manchester, Birmingham, Liverpool, Leeds. London is the dumping-ground for people who have no jobs. London is going through the same spasm that New York has been through for many years, when all the hoboes and tramps flocked there. London fears a revolution, is looking for trouble, keeps the over-worked policeman on the job all the time; but there will be no riots, there will be no upsurge of things. Yesterday a crowd of "bunger marchers" was seen walking in front of Dorchester House, which is the house of the American Ambassador here.

1933: Russia Ready for an Attack

MOSCOW — The Soviet Union is fully prepared for the "possibility of an unexpected attack" by Japan, declared V.M. Molotov, president of the council of commissars, in the Moscow Opera House tonight, when the celebrations for the 16th anniversary of the Bolshevik revolution were officially opened. Stalin and other Soviet leaders joined in thunderous applause as Mr. Molotov added, "If such an attack occurs, our job will be a clear and simple one — complete destruction of the enemy, and complete victory for the Red Army." He greeted warmly President Franklin Roosevelt's initiative in the Soviet-American negotiations, saying that the talks "affect the entire world."

U.S.-Soviet Relations: Ominous Signs of Deterioration

By Raymond L. Garthoff

This is the first of two parts.
WASHINGTON — I have just returned from a two-week visit to the Soviet Union where I talked with a wide variety of officials and ordinary people. I had some frank and revealing exchanges. The impressions I brought home are ominous.

Americans may soon be seeing off their coast Soviet submarines and perhaps surface ships armed with new nuclear-tipped cruise missiles. The Russians may also use submarines to deploy "depressed trajectory" ballistic missiles that can reach U.S. targets in a few minutes. There will also be new deployments of Soviet rockets in Europe, probably including ground-launched cruise missiles to match those the United States plans to deploy starting next month.

This escalating deployment of weapons is one reflection of the deteriorating relationship between Moscow and Washington. These new deployments do not mean that the Russians will be looking for opportunities to use their weapons, but that is not the only danger.

The principal risk lies not in the

possibility that the leadership in Moscow or Washington will intentionally challenge its adversary. The greater danger will come from the reactions of both superpowers to unpredictable new situations or crises triggered by events beyond their control. The deterioration of relations has reduced still further the thin margin of restraint that cushions the reactions of both powers.

The level of anxiety in both Washington and Moscow is remarkably high, and remarkably similar. My recent visit, which included conversations with senior political and military officials, convinced me that, if anything, the Russians are feeling more anxiety than are President Reagan and his colleagues.

In part because of the isolation of Soviet society, the decline in Soviet-American relations has a deep resonance among ordinary citizens. The local Communist Party chief in a remote agricultural region I visited — a man of little knowledge of and no experience in international affairs,

who told me I was his first Western visitor — offered one vivid example. After a local meeting organized to discuss the extraordinary Sept. 28 statement on Soviet-American relations by President Yuri Andropov, he said, several local women came to him in tears to ask if war with the United States was inevitable, and if their sons would have to die. I heard other such indications of concern.

The downing of the South Korean airliner has underlined the decline in relations. A number of Soviet officials said privately that the entire incident might never have occurred, or at least might have been handled differently, if relations had not already been so tense. This is not to say they disputed the official Soviet version of what happened. Virtually all Soviet citizens seem to believe that the airplane was on an American intelligence mission. But several said the United States might not have been prepared to take the risks involved in such an action were it not for the intensity of the military com-

petition, and added that Soviet air defense personnel might not have been so intent upon demonstrating their "vigilance."

Soviet officials and some citizens expressed real regret over the loss of life. But one ordinary citizen remarked (without knowing I was an American): "It's about time we showed the Americans that we won't put up with this kind of thing."

The Korean airplane incident illustrates the profound differences in perception between the two countries, and it demonstrates grimly that both sides are now quick to assume the worst of the other.

Still ahead of us is the deployment of new NATO missiles in Europe — and the Soviet response to that deployment.

Based on my discussion with senior Soviet officials, I conclude that the Soviet Union will indeed soon end its participation in the intermediate-range Nuclear Forces arms limitation talks in Geneva as a reaction to the actual deployment. Recent

public statements by Soviet officials have belatedly led to speculation here on a possible Soviet walkout or temporary suspension of the talks, but I believe the Soviet view is that the negotiations will have failed and will not be resumed.

Indeed, I was told that the Soviet position in the START talks on strategic arms limitation and reduction will be revised to include intermediate-range weapons — the British and French systems, as well as the American Pershing-2s and cruise missiles whose deployment begins in December. While there has been a growing sentiment in the West that at some stage the two sets of Geneva negotiations — one on intermediate, the other on long-range weapons — probably should merge, a unilateral wedding of the two by the Russians is sure to prompt U.S. objections.

The Soviet leaders understand that they will be criticized for ending the talks on medium-range missiles. But they refuse to continue talking if it means acknowledging, even tacitly, that some new U.S. deployment was justified, or that the West had a right not to take British and French missiles and bombers into account.

Mr. Andropov offered on Oct. 26 to reduce Soviet intermediate-range missiles facing Europe from 450 to about 140 modern SS-20s, and also to freeze the current level of Soviet deployment of such systems in Asia — but only if there were no American deployments in December.

This offer seems genuine, but Soviet leaders do not expect the United States and NATO to accept it. So they will break off the talks, continue to seek a curtailment of the American deployment — and begin new deployments aimed at both Western Europe and the United States.

The Russians have long promised to match any new American deployment. General Nikolai Chervov of the General Staff told me that this will involve "new systems" — not merely adding more SS-20s — and will aim to place the United States (and increasingly under the "10-minute threat" which he states the Pershing-2 missiles will pose to Moscow.

(Though the published American figure for the range of the Pershing-2 is about 1,100 miles (1,780 kilometers), the Soviet General Staff estimates it at about 1,500 miles, and the difference is crucial. With a 1,500-mile range, Pershing-2s in West Germany could reach Moscow and the central Soviet military command complexes in and around the capital.)

My interlocutors would not specify what those "new systems" would be. But my discussions with General Chervov (whose directorate is responsible among other things for the arms limitation negotiations) and other Soviet and Communist Party officials left me with the strong impression that the Soviet Union will deploy new strategic nuclear cruise missiles on submarines and perhaps on surface ships within range of the United States. Moscow may also deploy depressed-trajectory submarine-launched ballistic missile systems.

In Europe, in addition to probably having new ballistic missiles in Czechoslovakia and East Germany, the Russians probably will deploy ground-launched cruise missiles similar to those the United States plans to deploy. The authoritative Soviet officials I saw did, however, rule out any attempt to station offensive weapons in Cuba or Nicaragua.

The idea that Soviet statements on such military countermeasures are merely a "war of nerves," or refer only to systems already set for deployment, is almost certainly wrong.

So, too, is the view long expressed by the Reagan administration (and reiterated recently as a few weeks ago by Defense Secretary Casper Weinberger) that only when American deployment begins will the Russians be ready to negotiate seriously. In fact, the start of U.S. deployment will mark the end, not the beginning, of the negotiations on intermediate-range missile systems. The contention that actual deployment will force the Russians to make new concessions, thus furthering a negotiated agreement, is an illusion — either one, the administration believes, or one it has propagated to smooth the deployment of a new U.S. weapons.

The writer, a Russian-speaking retired Foreign Service officer who served as American ambassador to Bulgaria, is a senior fellow at The Brookings Institution. He contributed this column to The Washington Post.



The U.S. Does Have Other Options in the Caribbean

By Abraham F. Lowenthal

LOS ANGELES — In the intense debate about the invasion of Grenada, the larger, fundamental question may be overlooked: How should the United States respond to the emergence of radical, potentially hostile political movements in the Caribbean Basin?

The classic U.S. stance has been a "Hallmark policy" (as in the American greeting-card company). Every once in a while, the United States cares enough about one of its neighbors to send its "very best" — the Marines. In between, Washington has mainly ignored the area. But there are other options.

One approach is the attempt to co-opt revolutionary change. The Carter administration at first offered symbolic sympathy to radical movements, in the hope that they would abandon any challenge to U.S. hegemony. That approach underestimates the ideological fervor of revolution-

ary movements and the intensity of their desire to feel autonomous, especially in relation to the United States. And because U.S. policy leaders are so nervous about losing control of the border region, nationalist rhetoric and policy by neighbor nations is not long tolerated by Washington. The Carter administration ultimately became hostile to radical change.

A second approach, pursued by the Reagan administration until the Grenada invasion, is that of restrained hostility toward revolutionary movements. This administration has sought to make it clear that the United States would reward Caribbean Basin nations that oppose Cuba and shun socialism, and would find ways to punish left-leaning movements.

This policy, epitomized in the Reagan Caribbean Basin Initiative, no doubt has affected the choices of

poor mini-states. But the resources that Washington can offer major Caribbean Basin nations under current legislation are not enough to change the region's politics. The Reagan approach has become one of deepening U.S. entanglement without creating the means of forging new paths out.

Suggestions for a new "Marshall Plan," reportedly favored by the Kissinger Commission on Central America, ignore the profound differences between rebuilding a war-ravaged economy and attempting to force development in the midst of civil war.

A third approach is more like a "Marshall Plan" — reliance on U.S. force. One cannot help but wonder whether the U.S. military maneuvers near Nicaragua will be followed soon by direct U.S. intervention there. The possibility has been raised by Fred C. Ikle, the U.S. undersecretary of de-

fense, who in September suggested that U.S. combat troops may have to establish a "front line of the East-West conflict right here on our continent." It would be useful if the president's foreign-policy advisers were briefed on the actions of their predecessors; it took years for the United States to bring its boys home from earlier excursions into the Caribbean and Central America.

There is a fourth approach that the United States could adopt, one based not on national insecurity or imposition but on self-confident cooperation with the area's people. This approach, a long-term U.S. commitment to development, would concern itself more with economic growth and long-term political stability than with immediate Cold War loyalty. It would commit the United States to sustained cooperation with all governments in the area, including nationalist and revolutionary regimes, that are willing to cooperate on basic social and economic issues.

The core U.S. security objective is to prevent the introduction into the Caribbean Basin of threatening bases or facilities. That can and should be dealt with directly. The U.S.-Soviet accords on Cuba, drafted as a result of the 1962 missile crisis, provide a model for arrangements that could protect U.S. security without involving the United States in the internal politics of this turbulent region. First, however, the United States will have to conquer its deep fear of Cuba. It will have to learn that Cuba has little beyond that to offer the Caribbean. The United States has all the cards — capital, markets, technology, jobs. The challenge in the Caribbean Basin can be met.

The writer is on leave from the Woodrow Wilson International Center for Scholars in Washington. He contributed this column to the Los Angeles Times.

Letter From Paris: Refiguring Euromissile Math

From François de Rose

In "An Outsider's Sense of Euromissile Math" (HT, Oct. 21), Onkar Marwah argues that the Americans, the British and the French are wrong not to accept the Soviet views in the negotiations on Euromissiles.

He argues that there is no need for these missiles in Western Europe, since no new U.S. missiles were deployed in the years since the United States withdrew its Jupiter system from Turkey "as a quid pro quo for the removal of Soviet SS-4s and -5s from Cuba in 1962." He seems to find it natural that the Soviet Union could threaten Western Europe with hundreds of nuclear weapons, but intolerable that U.S. Pershing-2 missiles capable of reaching a few hundred miles inside the Soviet Union should be stationed in Europe.

The political formula here is all too clear. Without belaboring the fact that the SS-20 poses quite a different threat from that of the previous generation of rockets, since it is capable of anti-force operations designed to paralyze NATO's defense, let us remind Mr. Marwah that in the early 60s the linkage between Europe and the U.S. strategic system was ensured by medium-range bombers capable of reaching targets in the Soviet Union from their European bases. Soviet negotiators at the Strategic Arms Limitation Talks made every effort to have these forward-based systems included in the American total. But now that the capacity of piloted aircraft to penetrate Soviet airspace has been reduced by progress in anti-air defenses, Moscow is no longer bothered by these planes.

The problem with deterrence in Europe is that, for it to work, the aggressor must be exposed to intolerable damage in a counterattack. Such destruction can only be inflicted by nuclear weapons, and Euromissiles are the only system that can present such a risk to the Soviet Union. If the Soviet Union were attacked by U.S. missiles, even in the context of the defense of Europe, the Russians would have to reply with intercontinental weapons fired at American territory, which might lead to all-out warfare. The Soviet defense minister, Dmitri Ustinov, has made clear that this is the case. But a counterattack against American targets would not seem to be a Kremlin option following an attack by French or British nuclear forces (which, in any case, are neither meant for, nor fit for, operations against military objectives). Thus, Moscow has expressed a readiness to reduce its SS-20s to the total of the strategic forces of these two nations — or even lower. It would not be too expensive a price to pay to decouple the defenses of the U.S. and European allies.

As far as including French and British missiles in arms-reduction talks, both governments have said they could agree to that inclusion if and when, among other conditions, their numbers became significant in relation with those of the superpowers — that is, if the superpowers' forces were reduced to the point that the number of French and British missiles presented a destabilizing potential. In that case it would be necessary to include in the accounting the shorter-range, but also destructive, Soviet weapons.

Mr. Marwah also repeats the Soviet contention about the flight time of missiles on both sides — that the West would have a strategic advantage because Pershing-2 missiles placed in West Germany could hit Soviet military and industrial targets in five to eight minutes. He argues that the Pershings could put out of commission the Red Army's command and communications facilities before the Russians could react. But similar Western facilities could be destroyed in even shorter time by SS-21s, SS-23s and SS-24s, stationed in East Germany or Czechoslovakia, or even Poland.

And if, in Mr. Marwah's mind, the time factor is so important, why does he favor the "walk in the woods" formula, which would leave the Soviet Union with 75 ballistic missiles and the West with the same number of cruise missiles, when the Soviet missiles would take 12 to 18 minutes to reach their targets while the cruises would require hours to retaliate — if they survived?

What is at stake is whether we are allowed to have, for the defense of Europe, the weapons we deem necessary or only those the Kremlin is willing to let us deploy. If the second option were to prevail, Europe would be well on the way to becoming politically what it is geographically — a small peninsula at the Western end of the gigantic Soviet empire.

The writer is a former French ambassador to the North Atlantic Treaty Organization.

More Letters, Page 7.

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مكتبة الأمل

Pope, in Letter, Praises Luther; Will Preach in Lutheran Church

By Henry Kamm
New York Times Service

ROME — Pope John Paul II has praised Martin Luther, the father of the Reformation, saying the world is still "experiencing his great impact on history."

His comments were contained in a letter to the president of the Pontifical Secretariat for the Union of Christians, Cardinal Johannes Willebrands, to mark the 500th anniversary of Luther's birth. The text of the letter was made public by the Vatican on Saturday, five days before the anniversary.

In a related development, Christoph Meyer, dean of the Evangelical Lutheran Church in Rome, announced that John Paul would preach in the church on Dec. 11. The service and the pope's sermon will be in German.

The letter from the pope to Cardinal Willebrands was dated Oct. 31, 1983, the anniversary of the day in 1517 when Luther nailed his theses on the door of the Cathedral of Wittenberg, giving birth to the Reformation. The pope wrote the letter in German, Luther's language, although Cardinal Willebrands is a Dutchman.

The pope referred to Luther, who was excommunicated from the Roman Catholic Church, as the theologian who "contributed in a

substantial way to the radical change in the ecclesial and social reality of the West." He continued: "Our world is still today experiencing his great impact on history."

Roman Catholic and Protestant studies have yielded a more balanced picture of Luther's personality and the realities of the 16th century, the pope continued, and shown that "the rupture in church unity cannot be reduced either to the mere lack of comprehension on the part of the authorities of the Catholic Church nor solely to the limited comprehension of true catholicism on the part of Luther, even if both these matters played their part."

The pope called for continued historical research, "without prejudices," to provide "a just image" of Luther and the Reformation. "Guilt, wherever it exists, must be recognized, on whichever side it is found," the pope wrote.

John Paul called on Cardinal Willebrands to continue the ecumenical dialogue in quest of restoration of Christian unity and offered a special prayer and blessing for this work.

Dean Meyer said that the pope's visit had been arranged more than a year ago, when John Paul paid a Sunday afternoon call to the Roman Catholic parish in which the Lutheran church is situated. The Catholic authorities invited Dean Meyer and the board members of his congregation to attend the service for the pope.

To Dean Meyer's surprise, one of the board members approached John Paul and asked him whether he would participate in a Lutheran service during the anniversary year. Dean Meyer recalled Saturday that he was even more surprised when the pope answered, "Yes."

In announcing the event Saturday night, a press agency of the Italian Evangelical churches said that before the pope's participation in the Lutheran service, the Lutheran community of Rome would publish a statement that to receive the pope in its church did not mean recognition of papal authority over the Lutheran Church.

Dean Meyer said that he did not know the contents of the pope's sermon but said it was reasonable to expect that it would contain a statement on Luther.

New Alliance of Leftists Draws Support in Manila

By Robert Trumbull
New York Times Service

MANILA — A new leftist opposition party with strong anti-American overtones has filed a 35,000-seat boxing arena in its first formal gathering.

The new organization, called the Nationalist Alliance for Justice, Freedom and Democracy, is headed by Lorenzo Tanada, 84, the elder statesman of the opposition to the government of President Ferdinand E. Marcos. It brings together many small nationalist groups from throughout the country that advocate the expulsion of U.S. military bases, curbs on multinational companies and other causes of the political left.

Officials described the meeting Saturday as the biggest political turnout in the Philippines since the two memorial services for the opposition leader, Benigno S. Aquino Jr., whose assassination Aug. 21 triggered a succession of public demonstrations against President Marcos.

The principal target of Mr. Tanada and other speakers at the rally was what they called the "U.S.-Marcos dictatorship." The organization of the new group, which could develop into a significant force if it drew to its inaugural meeting was any indication of its strength, described it as a nonviolent alternative to the outlawed Communist Party of the Philippines.

Sections of the crowd interrupted speeches with cheers for the jailed former leader of the Philippine Communist Party, Jose Maria Sison. Among those attending were many student leaders, unionists, representatives of tribal communities and academics.

As a coalition of leftist opponents of Mr. Marcos, the gathering represented a potentially important new division in the already fragmented opposition forces. The Nationalist Alliance, as it is called for short, has failed to draw in the more moderate opposition groups such as the United Nationalist Democratic Organization, a combination of 12 parties headed by Salvador P. Laurel, a former senator.

Woman Slain at U.S. Tavern

United Press International

NASHVILLE, Tennessee — A woman died and five persons were injured Saturday when gunmen fired repeatedly through the windows of a suburban tavern, police said Sunday. They had no comment on a possible motive.

LETTERS TO THE EDITOR

The KGB Connection

Regarding "Terrorism Grows More Lethal and Widespread, but Rarely Succeeds" (IHT, Nov. 2) by David Lamb:

In his 2,000-word piece on international terrorism, Mr. Lamb manages to avoid any mention of Chirac's book "The Terror Network" and the latest scholarly study on the subject, "Terrorism: The Soviet Connection," by Ray S. Cline and Yoram Alexander of Georgetown University's Center for Strategic and International Studies. Since Mr. Lamb went out of his way to play down the Soviet connection, I cannot help but wonder whether this isn't yet another example of the suppression of inconvenient facts. Mr. Cline and Mr. Alexander, both recognized authorities on terrorism, have produced not one smoking gun on the Soviet KGB connection, but dozens of them.

Le Monde, a respected liberal voice in France, published a series of articles on terrorism a few months ago in which it mentioned a terrorist training camp near Damascus that specializes in truck and car-bomb explosions. The instructors were Bulgarian operatives and the camp itself is run by the Syrian secret service, which is supervised by Rifaat al-Assad, the brother of the Syrian president. The Bulgarian secret service, the DS, is a branch of the Soviet KGB.

ARNAUD DE BORCHGRAVE, Center for Strategic and International Studies, Georgetown University, Washington.

'White House Wars'

It would appear that President Reagan is flagrantly interfering in the military forces of the United States on so many different fronts as to not only make his reelection seem mandatory, but further, to make any reasonable and constructive foreign policy challenges from more responsible candidates — those with greater re-

spect for peace — appear to be less than patriotic.

Even as we await the president's official announcement of candidacy, we are witnessing the bloodiest election campaign in history. One wonders how many more lives will be lost before November 1984, and how soon thereafter these senseless "White House Wars" will end.

JOEL TED MISKIN, Zurich.

Congratulations! Vietnam was no success — Grenada was.

FINN LIE, Mosby, Norway.

American leaders have long warned the world about the threat posed by the Cuban presence on Grenada. Now they say they were surprised by the number of Cubans on the island and the intensity of their resistance. Evidently, the Americans did not believe their own propaganda. Why then should anyone else?

CARROLL DORGAN, St-Germain-en-Laye, France.

When you live in a neighborhood populated by thugs, murderers and deviates, you sometimes have to use force, albeit judiciously, to protect yourself and your loved ones. The alternative is to stick your nose in the Bible, Carter-like, and pretend the world is full of roses and misguided misanthropes.

CHARLES DAIGLE, Paris.

If Ronald Reagan is so concerned about the safety of Americans, why doesn't he use the Marines to throw out the government of El Salvador? It is not democratic, it has murdered Americans with impunity, and I am sure that Nicaragua would sponsor his move.

TIMOTHY DEVINNEY, Athens.

The intervention on Grenada by U.S. Marines and Caribbean forces is not an aggression but a defense. The building of the Nicaraguan air force, and the Cuban's construction of the Point Salinas airbase on

Grenada pose a grave threat to the Western world.

Grenada is not just an unimportant island. It is an essential factor of safety in the East-West struggle for power. I believe it is good that the United States has strong leadership in the Reagan administration, expressing safety by strength.

GERHARD BERCHTOLD, Innsbruck, Austria.

Invasion or Rescue?

Regarding "Follett: Writing Iranian Wrong" (IHT, Oct. 14) by Jeffrey Robinson:

Before too much more acclaim accrues to Ken Follett's new book "On Wings of Eagles," here are a few things to consider from someone who was in H. Ross Perot's office when he returned from his exploit in Iran.

First, this was not a rescue mission. It was a mini-invasion of a foreign country by employees of a private American firm. It is against U.S. law for a private citizen to send armed forces into another sovereign nation. Mr. Perot has not been prosecuted for his action. Now Mr. Follett is making him into some kind of hero.

Second, the mini-invasion jeopardized the lives of the American diplomats who were taken hostage only a few days before Mr. Perot decided to mount a covert operation intended to rescue two employees of his Electronic Data Systems in Iran.

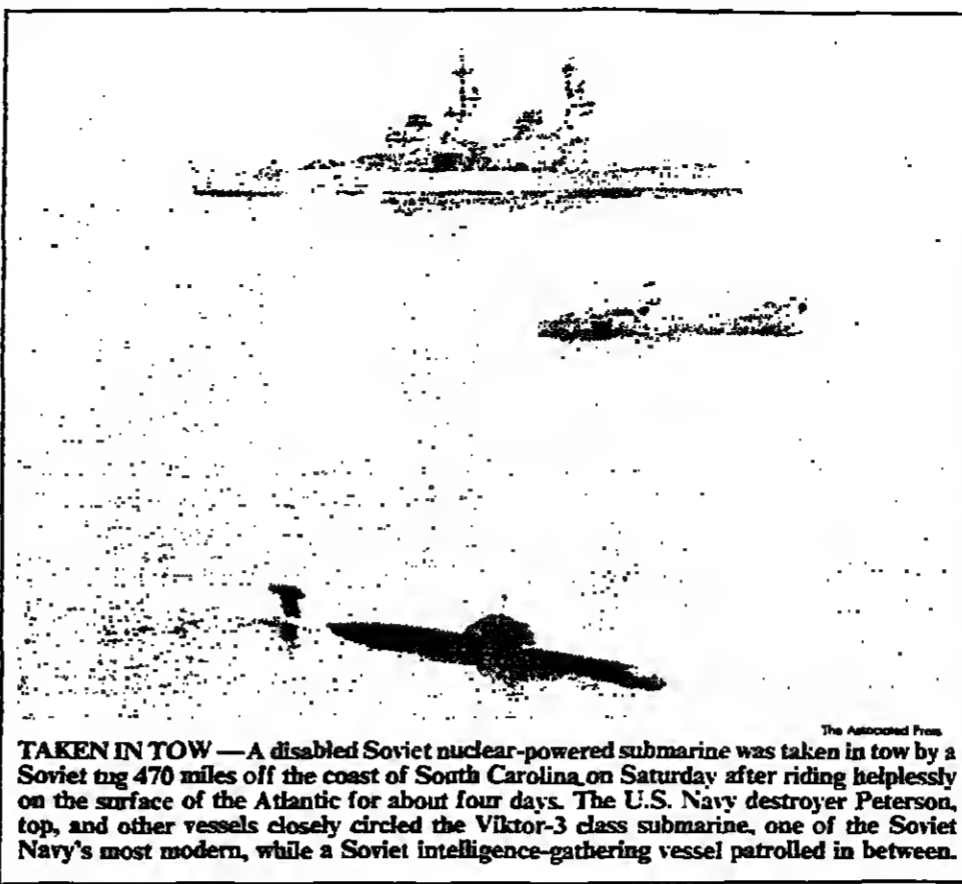
Mr. Perot's folly was planned and executed in secret. Almost any one in the U.S. government would have tried to stop this adventure had they known about it. President Carter and his staff clearly saw the use of force as unacceptably risky at that point.

JAY HENDERSON, Hong Kong.

Why the Conflict

Regarding "When Communists Are in Conflict" (IHT, Oct. 18):

Anton Bebler does not investigate why communist states are so



TAKEN IN TOW — A disabled Soviet nuclear-powered submarine was taken in tow by a Soviet tug 470 miles off the coast of South Carolina on Saturday after riding helplessly on the surface of the Atlantic for about four days. The U.S. Navy destroyer Peterson, top, and other vessels closely circled the Viktor-3 class submarine, one of the Soviet Navy's most modern, while a Soviet intelligence-gathering vessel patrolled in between.

Reagan Praises Veterans and Pledges Continuing Action on Vietnam MLAs

By Spencer Rich
Washington Post Service

WASHINGTON — President Ronald Reagan has paid tribute to U.S. military veterans in his weekly radio address and has pledged anew "to obtain the fullest possible accounting for our Americans missing in southeast Asia."

Speaking Saturday from Camp David, Maryland, Mr. Reagan focused on U.S. veterans in recognition of Veterans' Day, when he is scheduled to be on a tour of Japan and South Korea.

"Our most recent heroes, those still serving and those who have just come back from Beirut and Grenada, carried on with the same dedication and valor as their colleagues before them," he said.

Mr. Reagan hinted that some of the 2,490 listed as missing in the Vietnam War might be alive, when he said, "The sacrifices they made and may still be making, and the uncertainty their families endure, trouble us all. We must not rest until we know their fate."

In a Democratic response, Senator Daniel Patrick Moynihan, a Democrat of New York, said that while service personnel had sacrificed much in Lebanon and Grenada, the Reagan administration had shown nothing of the same "discipline and duty" in handling the nation's fiscal affairs.

Instead, Mr. Moynihan said, "the present administration has piled up the debt of the federal government at a rate without precedent in history."

The national debt, which was \$931 billion when Mr. Reagan took office in January 1981, was \$1,388 trillion as of Tuesday, he said.

Aides to the president said Saturday that as of late Friday, about 300 of the 600 U.S. medical students who were evacuated from the U.S.-run school in Grenada had accepted an invitation by Mr. Reagan to meet him at the White House Monday. About 40 military personnel who participated in the Grenada operation will also be present.

Meanwhile, the White House announced that Mr. Reagan late Friday

signed a bill providing \$7.9 billion for the Interior Department.

The bill bars offshore oil and natural gas leasing along the southern California and New England coasts for one year, limits leasing of coal reserves and restricts oil and gas leasing off the coast of Florida. It also prohibits drilling in federal wilderness areas.

U.S. Announces Jet Sale to Turkey

United Press International

WASHINGTON — The Pentagon has notified Congress of the intent to sell Turkey 160 F-16 fighters during the next 10 years in a \$4.1-billion weapons agreement.

The long-expected announcement, made Friday, occurred two weeks after Defense Secretary Caspar W. Weinberger met at the Pentagon with Defense Minister Halut Bayraktar of Turkey. Turkey, a member of NATO, announced in September its decision to purchase and eventually manufacture the planes, made by the General Dynamics Corp. of Fort Worth, Texas.

Congress has 30 days in which to disapprove of the sale.

Church Cites Pressure To Refuse Walesa Gift

By Dan Fisher
Los Angeles Times Service

WARSAW — Government officials are pressing the Roman Catholic Church to reject Lech Walesa's donation of his \$100,000 Nobel Peace Prize to a proposed church-managed foundation to aid Poland's private farmers, according to church sources.

The government effort, said to have been made privately in contacts with top church officials, endangers what has been seen as the most concrete gain from Pope John Paul II's second pilgrimage to his homeland last June.

A prominent lay Catholic source said that the government officials had threatened to withdraw from negotiations to establish the foundation if the church accepts money from Mr. Walesa. The foundation was one of the major topics of discussion between the pope and officials here.

Other church sources said that no specific threat had been made, but that the government officials had urged "very forcefully" that the money from what they view as a politically motivated award be rejected.

Officially, the government has said that Mr. Walesa's planned donation is not an issue since there is as yet no agricultural foundation. The church sources said that was essentially the same position that the bishops had taken in response to the pressure that they reject the Nobel money.

Polish bishops insist that they must retain control over the foundation and over distribution of its assets, or face withdrawals from prospective Western donors.

The proposed foundation is supposed to funnel at least \$2 billion in Western equipment and supplies to private farmers as part of a plan to modernize Poland's beleaguered agricultural sector.

Mr. Walesa, the leader of the banned Solidarity independent trade union movement, won the 1983 Nobel Peace Prize last month for his struggle on behalf of workers' rights. Last week he reiterated his intention to donate the \$190,000 cash award to the Polish church for use by the proposed agricultural foundation.

Mr. Walesa said Thursday that he would send his wife, Danuta, to Oslo to accept the prize on his behalf at ceremonies on Dec. 10. He said the cash award should remain in the Nobel Foundation's account "until the legal conditions are formed for the fund."

The Polish head of state, General Wojciech Jaruzelski, agreed in principle to the agricultural foundation during a meeting with Poland's primate, Cardinal Jozef Glemp, days before the pope's arrival here. The prospect of the papal visit was seen here as having induced the government to move after months of unproductive contacts.

Church sources have said that General Jaruzelski reiterated his agreement at one of his meetings with the pope here and again in a letter to Cardinal Glemp four days after John Paul returned to Rome.

Negotiations to establish the foundation, including the drafting of a law to permit such an institution, have proceeded extremely slowly since July. Some members of the regime reportedly view the idea with hostility because they see the foundation as a threat to the political monopoly of the Communist Party.

U.S. Mathematician Told To Leave Soviet Union

United Press International

MOSCOW — Norman Zabusky, a University of Pittsburgh mathematician in Moscow on an exchange program, has been ordered to leave the country, according to a U.S. Embassy spokesman.

The spokesman said Saturday that no official reason had been given, but academic sources said Mr. Zabusky had been told to leave for meeting with unidentified scientists in the Jewish dissident community.

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JANUARY 19

KEYNOTE ADDRESS
George P. Shultz, United States Secretary of State.
EMERGING PRIORITIES FOR OECD & GATT
Moderator: Carl Gewirtz, Associate Editor, The International Herald Tribune.

Roy Deenman, Head of the Delegation of the Commission of the European Communities, Washington, D.C.
William B. Kelly, Deputy Director General of GATT.
J. Paul Lyet, Chairman, Sperry Corporation.
Sylvia Ostry, Special Advisor, Privy Council Office, Government of Canada, former Head, Dept. of Economics and Statistics, OECD.
Michael B. Smith, Deputy United States Trade Representative.

PROTECTIONISM: RHETORIC & REALITY
Malcolm Baldrige, United States Secretary of Commerce.
Mamoru Tabuchi, Executive Managing Director, Mitsui & Co. Ltd., Tokyo, President and Chief Executive Officer, Mitsui & Co. (U.S.A.) Inc.

POLICIES & INCENTIVES FOR INDUSTRIAL COMPETITIVENESS
The European Viewpoint
Laurent Fabius, Minister, Industry and Research, France.
The United States Viewpoint
Moderator: Myer Rashtish, former U.S. Under Secretary of State for Economic Affairs.
Jerry E. Dempsey, President, Borg-Warner Corporation.
Thomas J. Murfin, President, Energy and Advanced Technology Group, Westinghouse Electric Corp.

TRADE POLICIES & THE DEBT CRISIS
Chan Kai Yau, Secretary General, ASEAN.
Key government official, Latin America.

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JANUARY 20

FISCAL & MONETARY POLICIES: THEIR LINKAGE TO INTERNATIONAL TRADE
Omar Emminger, former President, Deutsche Bundesbank.
R. T. McNamara, U.S. Deputy Secretary of the Treasury.
EAST-WEST TRADE & TECHNOLOGY TRANSFER
Moderator: Donald M. Kendall, Chairman and Chief Executive Officer, PepsiCo, Inc.
Don Bonker, U.S. House of Representatives, Chairman, House Foreign Affairs Subcommittee on International Economic Policy and Trade.
Stephen D. Bryen, U.S. Dept. Asst. Secretary of Defense for International Economic Trade and Security Policy.
Heinz Schimmelfussch, Member, Governing Committee, Metallgesellschaft A.G.

U.S. & EEC TRADE POLICIES: CONVERGENCE & DIVERGENCE
William E. Brock, United States Trade Representative.
Edienne Davignon, Vice President of the Commission of the European Communities, Brussels.

POLICIES & INCENTIVES FOR EXPORT TRADE
Moderator: Allen E. Puckett, Chairman and Chief Executive Officer, Hughes Aircraft Co.
William H. Draper, III, Chairman, Export-Import Bank.
David C. Garfield, President, Ingersoll-Rand Co.
Leonard Heessels, Member, Management Board, N.V. Philips Gloeilampenfabrieken.
Paul A. Vander Myde, U.S. Assistant Secretary of Commerce for Congressional Affairs.

THE CONGRESSIONAL AGENDA: DOES IT FACILITATE CORPORATE COMPETITIVENESS?
Robert J. Dole, United States Senate, Chairman, Senate Finance Committee.

INTERNATIONAL EXECUTIVE POSITIONS						
Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Max Ferrero in Paris.						
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Agriculture

By Sarah Seawright

MAKING THE desert green has been a popular phrase since the mid-1960s, when the United Arab Emirates have proliferated around the Gulf. As oil wealth has increased, agriculture presents a promising way of the diversification of the economy, but no one has discussed it for so long.

There are several aims behind the development of agriculture in different places. Apart from food security and diversification, there is the desire to establish a link for the dwindling tourist industry, especially in Saudi Arabia, where the tourist industry is fading. The tendency to turn to technological solutions, however, makes this aim somewhat difficult to achieve. The United Arab Emirates has been a member of the regional organisation of Arab states since 1971, and has been coordinating research for several years. The Food and Agriculture Organisation and the UN Development Programme are operating in various countries, promoting the improvement and production of food crops. There has been a research station in Ras Al-Khaimah, and in the United Arab Emirates, and a fisheries study in the Gulf in the 1970s. It also has a research centre in Kuwait. The Food and Agriculture Organisation with headquarters in Rome and that helps finance projects in the Gulf and other areas. There is a research bureau in Iraq, and the various Arab funds, Arab Bank and national, have helped in agricultural projects both in purely commercial and on a government basis.

One of the most promising agricultural areas is in the United Arab Emirates, where the United Arab Emirates, Oman and Saudi Arabia, K

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THE GULF STATES

DEVELOPMENT AND COOPERATION — A SPECIAL REPORT

MONDAY, NOVEMBER 7, 1983

Page 9

Common Market: Future Force?

THE GULF states are proceeding with plans to integrate their economies and form a Gulf Arab common market along the lines of the European Community, putting their enormous financial capabilities and clout behind what analysts believe is a promising and timely effort.

Not only do most analysts agree that the members of the GCC can create a strong economic group, but they think that these states should coordinate their economic development plans and that the time has come for them to invest oil income in integrated economic projects.

With lower oil prices and no tangible improvement expected soon, the Gulf states need not only to act in concert to maintain their edge, but also to coordinate among themselves to bargain as a unit in the market, according to a Western observer who follows economic affairs. The GCC members have a growing oil refining capacity and a developed petrochemicals industry, which would require hard bargaining to market in a market saturated with lower-cost crude oil, he said.

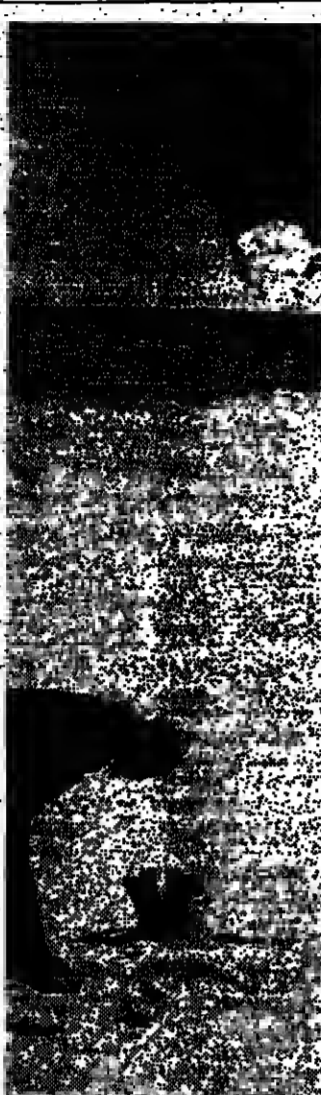
These countries' new tendency to direct investment toward other fields in industry and to encourage agricultural projects is another reason why a coordinating body could be useful, he said. He defended the investment in these areas, although he conceded that the Gulf states share problems that impede growth. Among those problems are the lack of trained low-cost labor, the high cost of acquiring modern technology, and the lack of fertile land and water.

"Since the aim of the GCC is to promote self-sufficiency under the banner of strategic security, then the economic profitability aspect of these projects is of secondary importance," he said. The GCC's official policy is to coordinate economic needs to security needs — the overriding concern of countries that feel threatened by Iran and by domestic unrest — but to decline foreign help to maintain security.

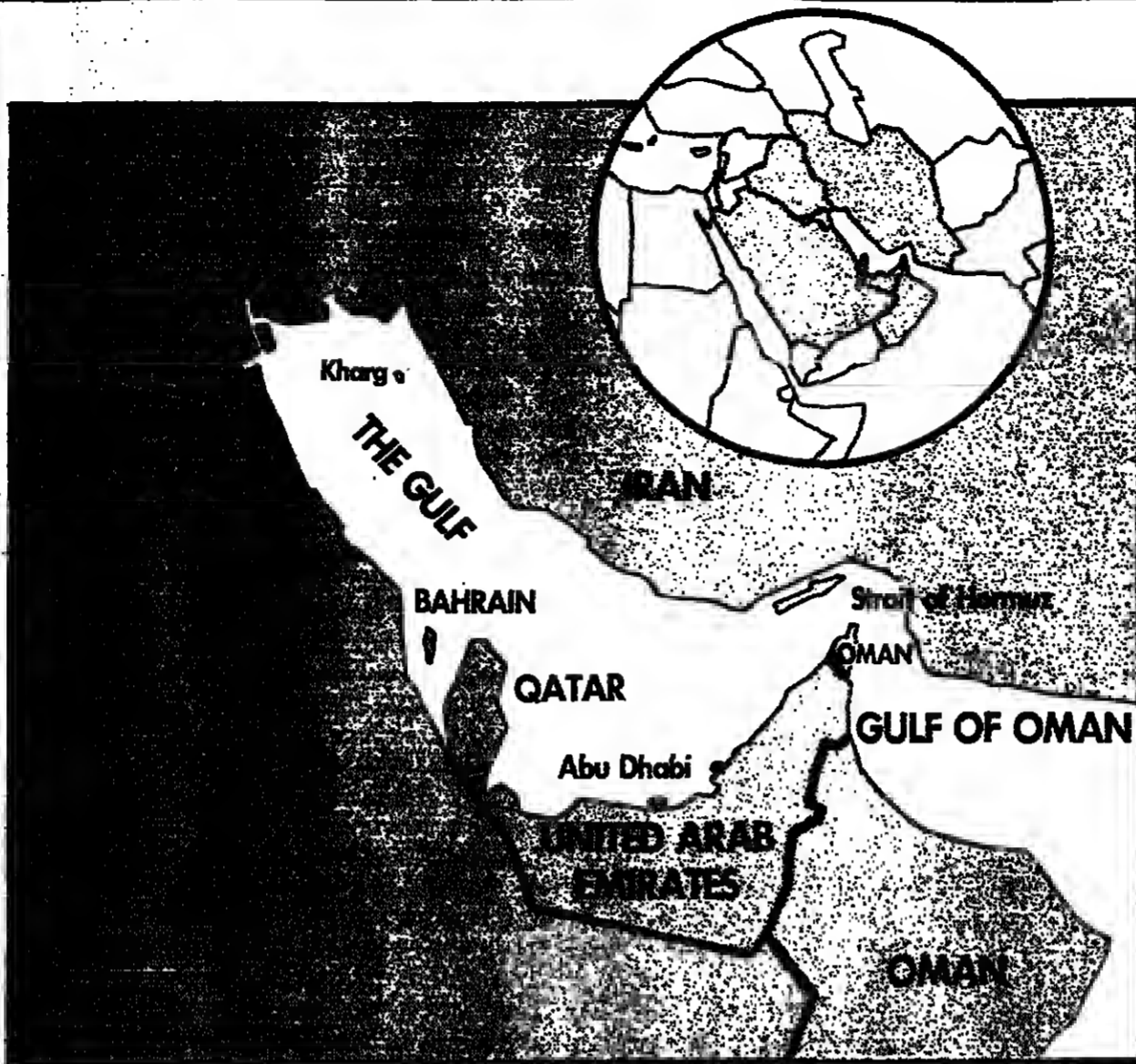
The economic agreement worked out at the first GCC summit meeting two years ago called for the coordination of financial and economic policies and the unification of laws regulating trade and industry. The agreement advocated total freedom of movement between Gulf states for individuals, funds and goods, the abolition of tariffs on locally manufactured products, and a collective customs tax system.

The charter stated that "complementarity" should guide industrial development and infrastructure facilities, and that priority should be given to joint projects, financed by a fund created for this purpose, the Gulf Investment Corp., with a capital of \$2.1 billion. The GCC's

(Continued on Page 12)



Prayer in the desert: Miles away, excess gas burns off.



Local Gulf-Motors/PTI

The GCC: Joint Response to a Perceived Threat

'It has developed amazingly rapidly from looking like an ad hoc response to a certain political situation into an effective organization that can plan and coordinate many aspects of the region's public life.'

By Frank Heard-Bey

FOR THE LAST two decades, ethnic and religious minorities, and ideological and political groups ensured that the headlines of the world's press were more often dominated by independence movements, separatism, partitioning or secession than by news of federative processes or the creation of lasting alliances.

When on May 26, 1981, the heads of the six littoral states of the Gulf — Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman — signed an agreement to formally coordinate their economic, political, cultural and security efforts in the Gulf Cooperation Council, the rest of the world took little notice. The event seemed to follow a long line of Arab pledges for unity and cooperation. These pledges failed to produce much practical cooperation and often gave way to mutual acrimony.

The foundation of the Gulf Cooperation Council can be seen as the response by a group of countries to a sudden common threat, with events leading from bad to worse after the fall of the Pahlavi monarchy in Iran. Shiite minorities, which so far had only differed in some religious practices and in their social status from the majority of Sunni inhabitants of the small Arab states of the Gulf, had suddenly become a revolutionary potential.

FRANK HEARD-BEY, a German historian who lives in Abu Dhabi, has written about the unification of the United Arab Emirates, among other things.

The beginning of the war between Iran and Iraq, in September 1980, led the other Gulf states to commit themselves, at least financially, in Iraq's favor to buy themselves freedom from deeper involvement. The arrival of Soviet troops in Afghanistan in December 1979 had made it painfully obvious that one day Moscow might realize a traditional Russian dream dating from Czarist times — reaching the waters of the Gulf.

At the time, the common apprehension in the face of these dangerous developments was a strong catalyst for going ahead with organizing the GCC. Since then, the Gulf states have learned to live — albeit uneasily — with the increasing tension around them. Yet, the GCC has not run out of its initial steam. It has developed amazingly rapidly from looking like an ad hoc response to a certain political situation into an effective organization that can plan and coordinate many aspects of the region's public life. There is no ministry or department in any of the six member states that has not been involved in meetings aimed at standardizing their specialized function throughout the GCC. The European Community's influence as a model is obvious.

These six member states benefit from having not only common interests and features, such as being oil exporters, but also strong historical bonds. The most important of these bonds is their ethnic identity, manifest in the belief that the local inhabitants of all the six countries are descendants of two ancestral tribes that lived

in Yemen before they spread migratory waves over the rest of the Arabian Peninsula.

The Gulf states' urban, rural and nomadic nationals are all still aware of their being part of this regional network of tribal structures, at the apex of which stand 12 or more ruling families.

Even though these various tribes, communities, sheikdoms and city-states have frequently been at one another's throats throughout history, they have strong feelings of their relationship, when looking at Iran or at the rest of the Moslem world. The bedouin tradition still provides a common affinity, expressed in their love for bedouin lyrics and legends, and in their hospitality. Their way of integrating Islam into family, society and state gives the Sunni ruling families and their governments the confidence to claim that Ayatollah Khomeini's call for a return to the roots of Islam does not apply to their societies because they never left the Islamic base.

A common bond also is provided by the way in which the Gulf region as a whole experienced successive attempts by the Portuguese, the Dutch, the Turks and the French to gain or to maintain a foothold in the Gulf. British India had the most lasting influence, even though none of the Gulf states was ever a British colony or even a protectorate. Since the early 19th century, treaties safeguarded British economic and strategic interests in the Gulf in return for a British-inspired maritime peace in the

(Continued on Following Page)

Security Concerns Underlie Efforts For Regional Unity

By Olaf Tohamy

THE SIX conservative states of the Gulf Cooperation Council together control half the world's proven oil resources. But, despite their tremendous resources, they have made little progress toward their announced goal of becoming a strong and self-sufficient entity.

The council, grouping Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain, was formed in February 1981 in the midst of growing concern over domestic unrest and threats from abroad. Saudi Arabia had witnessed the first serious rebellion against its Sunni Wahhabi ruling family and Bahrain had uncovered a coup attempt. More recently, the tiny city-state of Qatar was the target of an attempted coup.

The prime instigator and arms-supplier in each case was Iran. Its revolutionary notions and its version of Shia Islam differ sharply from the views of the ruling family in Saudi Arabia, which is seen as standing for a moderate, puritanical Islam, and which is considered the guardian of Islam's holy shrines. Iran's war with Iraq, its muscle-flexing in the Gulf and its repeated threats to block the strategic Strait of Hormuz make it the Gulf states' No. 1 enemy.

The tensions over Iran, coupled with the fear that Soviet leaders might be planning a push toward Gulf oil fields — a fear that was exacerbated by the 1979 invasion of Afghanistan — led the GCC states to make defense their top priority.

To dramatize their determination to maintain Gulf security and prevent any superpower intervention, the GCC members in the second week of October staged joint maneuvers called "Shield of the Peninsula" in the United Arab Emirates' arid western desert. The organization's eventual aim is to create a joint command and a rapid deployment force. But differences in technical sophistication

and military hardware among the six countries' forces make that a difficult task. One of the council's first concrete agreements involved plans for a buildup in air defenses and investment of more than \$1 billion on military industrialization; this program, however, is not yet under way.

Even in making plans for cultural cooperation and economic unity, with the eventual goal of political unity, the Gulf states have security on their minds. Thus, rather than speak of achieving self-sufficiency in food production, GCC officials refer to their goal as reaching "food security."

The GCC agreement for economic cooperation, signed two years ago, is a sweeping pact that covers all aspects of economic coordination and integration. It calls for the abolition of trade barriers, the standardization of economic regulations and the coordination of development plans. But it fails to set out short-, medium- or long-term objectives, or to elaborate on the steps to be taken toward realizing the council's broad objectives.

Shortly after this agreement was worked out, the formation of the Arab Gulf Common Market was announced, along with the creation of the \$2.1-billion Arab Investment Fund.

GCC officials say that they realize they have a long way to go, and that Arab unity cannot be achieved overnight. But the council seems to be torn between political symbolism and the realities involved in achieving unity. Thus, the enthusiastic announcement of the formation of a Common Market contrasted sharply with the protracted haggling over a clause in the agreement on unifying customs tariffs.

And so, more than two and a half years after its creation, the GCC stands as an organization with immense material resources, but little organizational capability to mobilize those resources.

3-Year-Old Gulf War Divides Arab States; No Solution in Sight

Neither Iran nor Iraq is a member of the Gulf Cooperation Council, but the war between these two Gulf states continues to be a potential threat to the security of the entire region, as well as to world oil supplies.

By Dilip Hira

THE IRAN-IRAQ war has gone on much longer than any other Gulf conflict in recent times, and has claimed far more lives — an estimated 150,000 combatants and about an equal number of civilians. The damage to property runs into billions of dollars. And the end is not in sight.

President Saddam Hussein's decision to invade Iran on Sept. 22, 1980, stemmed from a misreading of the Iranian realities. Accepting at face value the reports on Iran by exiled Iranian generals and politicians, and by the Western media, the Iraqi president believed that, once his troops had marched into the oil-rich Iranian region of Khuzestan, the disaffected Arab Iranians of that province, the Bakhtiari tribes in the adjoining area (supposed to be fiercely loyal to Shahpur Bakhtiari, the shah's last prime minister), and the long-suffering middle classes everywhere, would rise up against Ayatollah Khomeini and welcome the Iraqi troops as liberators. The operation was expected to last three weeks.

Three years have gone by. Instead of causing his downfall, the Iraqi invasion enabled Ayatollah Khomeini to rally the Iranian nation and consolidate the Islamic regime. Today, despite colossal loss of life and property, the ayatollah's power base is larger and stronger than before the war.

With the army at 320,000, the air force at 70,000 and the navy at 23,000, the total strength of the Iranian military is back to what it was before the revolution. In addition, there is the Revolutionary Guard, more than 150,000 strong, with half of these troops fighting at the front. Finally, there is the Basij volunteer force. According to the government, 2.5 million Basij volunteers have been given basic training in arms handling, and half a million have served on the front — this in a country with a population of 40 million.

Many Iranians feel that they are fighting not only as patriots, to recover their territory from an occupying power, but also as Islamic combatants facing an infidel Baathist regime in Baghdad. "War can be as holy as prayer when it is fought for the sake of defending

Islam" is a frequent slogan on the walls of Tehran.

The Iranian regime sees itself as the base of revolutionary Islam, which is opposed as much to the consumer values of the West as it is to the materialist philosophy of the socialist East, which denies spiritualism. It portrays Iraq as a country backed by both superpowers who wish to destroy the Islamic revolution in Iran.

For example, Iran sees an example of collusion between the superpowers in the fact that Iraqi transport planes — Soviet-built Ilyushin craft — were ferrying Exocet missiles, fragmentation bombs and antitank missiles from the French airport of Chateaufort to Iraq.

Agriculture: Overall Regional Progress Despite Differences in Approach

By Sarah Seacright

MAKING THE desert green has been a popular phrase since oil wealth began to increase in the area, and projects have proliferated up and down the Gulf. As oil revenues decline, agriculture presents a glowing image of the diversification that everyone has discussed halfheartedly for so long.

There are several aims behind the discussions, given different emphasis in different places. Apart from self-sufficiency and diversification, there is the desire to establish a living for the dwindling rural population, especially in Saudi Arabia and Oman. The tendency to make farming too technologically intensive, however, makes this an area that could benefit particularly from GCC-organized cooperation.

A number of regional organizations have been coordinating activities and research for several years. The Food and Agriculture Organization and the UN Development Program operate in various countries promoting the improvement and production of food crops. UNDP has a research station at Diddagah in Ras al-Khaimah in the United Arab Emirates, and it financed a fisheries study in the Gulf in the 1970s. It also has a training center in Kuwait. The Arab Livestock Co. is a nonprofit organization with headquarters in Damascus that helps finance poultry farms and dairy herds. There is a date research bureau in Iraq. And the various Arab funds, both regional and national, have helped set up agricultural projects both on a purely commercial and on a research-oriented basis.

The most promising agricultural areas lie in the United Arab Emirates, Oman and Saudi Arabia. Kuwait has a small desert area, but its focus is on oil. Bahrain is a small island state with a focus on oil. Qatar is a small peninsula state with a focus on oil. The United Arab Emirates is a federation of seven emirates, with a focus on oil and diversification. Oman is a large country with a focus on oil and diversification. Saudi Arabia is a large country with a focus on oil and diversification.

wait as a seafaring nation has concentrated more on developing its fishing; Bahrain and Qatar, while local on farms, have not had them as a priority, although Bahrain plans to spend \$69 million on agriculture between 1982 and 1985.

Oman has the longest tradition of agriculture and is proud of its ancient and sophisticated *fajri* irrigation system. More than 50 percent of the population depends on agriculture and fishing for its livelihood. The government's efforts to develop agriculture are concentrated on the regulated use of water. There is plenty of water around but the rainfall varies considerably from year to year, and other the *fajri* system has fallen into disrepair with the movement of people to the cities.

The Emirates' main growing areas are Ras al-Khaimah in the north, with relatively plentiful aquifers, and the ancient oasis of Al-Ain. Saudi Arabia's agriculture is concentrated around Riyadh and in the Eastern Province, which has been described, rather hyperbolically, as a new Tencia.

Many of the Gulf rulers show a deep personal commitment to cultivation. Sultan Qaboos bin Said in Oman and the rulers of the United Arab Emirates, above all Sheikh Zayed bin Sultan al-Nahayya of Abu Dhabi, have their own farms. Sheikh Zayed, in particular, has been responsible for the generous greenery of Al-Ain and Abu Dhabi cities. In the latter, householders can collect free plants and subsidized compost from the municipal.

Saudi Arabia hopes the so-called new Tencia will make it self-sufficient in wheat in the near future. The Saudi government guarantees

farmers nearly five times the world price of wheat, as well as providing them — as does the Emirates — with indirect subsidies in the form of machinery, fertilizers, seeds, insecticides and technological know-how. About 400,000 tons of wheat were harvested in 1981.

The Emirates' wheat is grown on a much smaller scale around Al-Ain. It is irrigated with water, an extravagance aggravated by the government's lavish distribution of pumps. About 73 percent of the Emirates' annual consumption of water goes to agriculture, and Al-Ain's development has drawn heavily on underground aquifers that are being supplemented by desalinated water piped up from Abu Dhabi.

Vegetable production has been more successful, particularly in the winter months (a Japanese oil company is experimenting in Al-Ain with growing them in the summer). Tomatoes, cucumbers, zucchini and eggplant are grown. Hydroponics has been tried, notably at Abu Dhabi's Arid Zone Project, but UN experts regard this method of growing plants in mineral solutions as too technical and not really necessary.

Marketing often needs improving, and the Emirates has recently set up a public purchasing body to do that. It has been suggested that there be a similar coordinating body within the GCC. Governments are also looking more selectively at which vegetables to grow. A locally and privately financed farm has been started this year in Ras al-Khaimah, managed by the Swiss Gene-Consult, to produce fruit (mainly citrus and melons) and vegetables for the Swiss market. But large-scale exports are unlikely for a long time and the U.A.E. government is trying to be more selective in its encouragement.

Forestry is a strange concept in the desert landscape of Arabia. There are huge plantations along the Gulf coast, with saplings lining the road, several rows deep. Their main purpose is to act as wind-breakers and dune stabilizers. Date palms have been planted, with seedlings from Iraq, where most experimentation goes on. The higher standard of living has made people more selective about the product — hence the boxes of California dates in Gulf supermarkets. Saudis eat the most (29 kilos per capita a year) and grow the most popular varieties. A good Arabian palm will produce 30 kilograms a year, but a California palm can produce 100 kilograms.

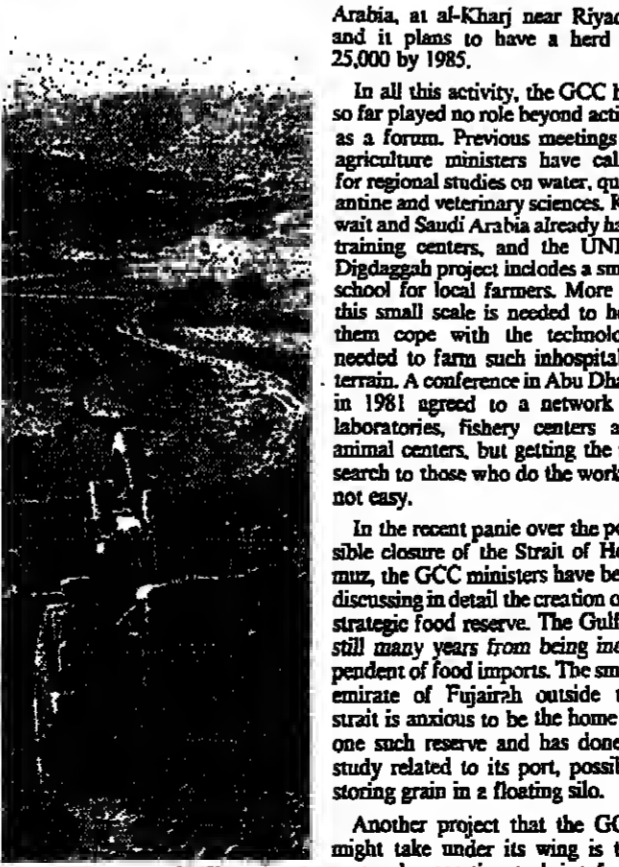
Arabia, at al-Kharj near Riyadh, and it plans to have a herd of 25,000 by 1985.

In all this activity, the GCC has so far played no role beyond acting as a forum. Previous meetings of agriculture ministers have called for regional studies on water, quarantine and veterinary sciences. Kuwait and Saudi Arabia already have training centers, and the UNDP Diddagah project includes a small school for local farmers. More on this small scale is needed to help them cope with the technology needed to farm such inhospitable terrain. A conference in Abu Dhabi in 1981 agreed to a network of laboratories, fishery centers and animal centers, but getting the research to those who do the work is not easy.

In the recent panic over the possible closure of the Strait of Hormuz, the GCC ministers have been discussing in detail the creation of a strategic food reserve. The Gulf is still many years from being independent of food imports. The small emirate of Fujairah outside the strait is anxious to be the home of one such reserve and has done a study related to its port, possibly storing grain in a floating silo.

Another project that the GCC might take under its wing is the renewed suggestion to bring fresh water to the region in empty oil tankers. Environmental pressure means that the tanks are more efficiently cleaned after discharging oil so that water carried in the tanks could be used for irrigation instead of expensive desalinated water. But water is an emotional issue, and one does not expect that level of cooperation developing for some time to come.

most of it from the European Community. There are, however, a few dairies; there is even a road sign in the Emirates warning drivers that cattle may cross the road. The largest dairy in the Gulf is in Saudi



A road is bulldozed through southern Saudi Arabia's terraced farming region.

THE GULF STATES

The GCC: Joint Response to a Perceived Threat

(Continued From Preceding Page)

Gulf and later diplomatic representation abroad — except in Saudi Arabia where Britain did not achieve the same influence. This treaty relationship came to an end in 1962 for Kuwait, and for the other littoral states of the Gulf in 1971.

Because Britain had never upgraded its supervisory presence in the Gulf to full colonial engagement in the hinterland, not interfering more than necessary in the internal affairs of the sheikhdoms and the Sultanate of Muscat and Oman, none of these states had the ready-made administration and infrastructure to rely on when their oil incomes generated the need to develop their societies.

All six GCC states are oil producers, from Saudi Arabia, which reached 9.9 million barrels a day in 1980, to Bahrain, which is down to 40,000 barrels a day. But the year that a country first exported oil is as vital for its development as is the amount of oil it can export today. For instance, Bahrain has become the center of banking and services in the Gulf because Bahrain is where oil was first discovered in the Gulf in 1932. Bahrain's society of merchants, which already had instituted formal schooling in 1919, benefits more from the oil boom in neighboring countries than from its

own limited oil resources. Unlike any of its partners in the Gulf Cooperation Council, Bahrain exports specialized manpower, such as teachers, administrators or bankers to other Gulf states.

The stark contrast between the haves and the have-nots in the past already generated close contacts among the Gulf states. Individuals or whole families moved from Abu Dhabi, Dubai, Oman and the smaller emirates to Qatar, Kuwait and Saudi Arabia, where they found work, health services and education. During the early years of oil in the Gulf, these fortunate states demonstrated a practical type of Arab brotherhood and Islamic social obligation by building, running and maintaining hospitals, roads and schools for the benefit of the whole area.

Therefore, far from being merely an ad hoc response to a particular political situation, the GCC could build on substantial common ground. The announcement in the spring of 1968 by the government of Harold Wilson that Britain would withdraw its umbrella from the Gulf before the end of 1971 provided the impetus for mutual consultation on how best to respond to the new situation.

Although the original federation of nine Gulf emirates did not materialize, preparing its constitution

and coping with Iran's claims to Bahrain and three other islands required continual dialogue and often intense bargaining. Kuwait and Saudi Arabia participated as mediators in these federation talks. Eventually, due to the considerable geographical obstacles and demographic imbalance, the federation of the nine failed, and Bahrain and Qatar declared themselves independent in the summer of 1971. The seven Trucial States were left to continue to build on foundations already laid, and benefiting from the experience of the previous three years, they were eventually able to establish a workable federal state.

The economy of the U.A.E., which was founded in December 1971, rests quite securely on Abu Dhabi's and Dubai's substantial revenues from oil. Yet, observers have persistently predicted the collapse of the federation, pointing to the differences between the partners and to the provisional constitution that allows each member to be semi-autonomous. However, it is the strength of all federal systems, that they can accommodate differences that would break a rigidly centralized administration. The U.A.E. benefits from the grassroots democracy that each of the seven paternally ruled emirates provides for its citizens in urban centers, desert settlements and mountain oases. Where this time-

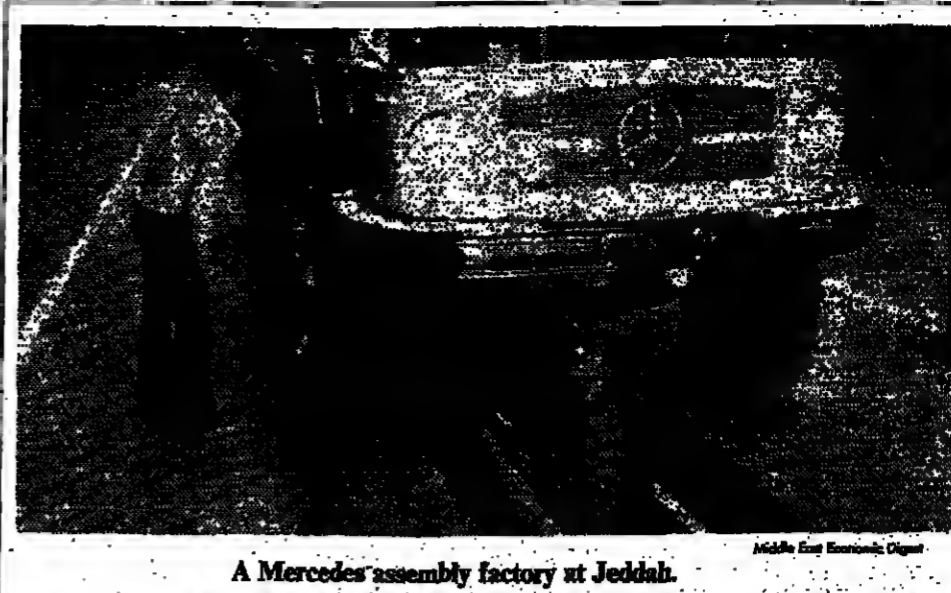
honored system fails to provide the modern amenities that the population of such a rich state now can expect, the centralized administration of the relevant ministry is there to step in.

Having observed how the GCC already has drawn almost every conceivable aspect of a public, political or administrative nature into its orbit, it might seem possible that eventually its various administrative bodies could function like the U.A.E.'s federal ministries. Several GCC regulations already have been adopted by individual governments, and their implementation could eventually develop into some kind of Gulf-wide centralized administration.

There are two principal reasons that the Gulf Cooperation Council has developed so rapidly from a loose alliance to practical cooperation: One is that however much these states differ in size, economic weight and political maturity, they all are in the process of institution-building and of legislating for circumstances that several years ago did not exist in their territories. It suits each one of the six governments to pool resources and jointly to work out the new legal, administrative and practical procedures. The other reason is that the GCC enjoys considerable popular support.

In the face of intolerable immigration levels, which have in some member states already reduced the local population to a mere 20 percent of the total number of inhabitants, most Arabs of the Gulf hope that the GCC is the magic wand that eventually will enable them to manage their public and private affairs more efficiently and with minimal outside help. The intellectuals among them have in recent decades observed the shortcomings and failures of Nasserism, Baathism, Pan-Arabism and communism. They also have seen that the rest of the Arab world has often bluntly demanded financial contributions from the rich Gulf oil producers, while treating them as though they were politically backward.

Thus, risking the odium of selfishly establishing an exclusive club of the richest Arab states, some of the spiritual leaders of the GCC claim that the whole Arab world needs a new moral and practical backbone, which the politically liberal leadership in the Gulf may be in a good position to provide. If this means that, for the time being, the GCC also looks like a convenient means to perpetuate the paternalistic rule of these countries' dynasties — well, they say, that is what the majority of the local population can still most readily identify with.



A Mercedes assembly factory at Jeddah.

Conflicts of Interest Mar Unity Bid

CAIRO — The appearance of a consensus characterizing Gulf Cooperation Council decisions often masks real conflicts of interests that might stand in the way of the Gulf countries' hope of attaining political unity.

The rules governing operation within the GCC are based on the principle of equality. But this is only theoretical as the six members can easily be classified according to their performance within the GCC as leaders, their protégés or satellites, independents, or renegades.

Saudi Arabia, by far the largest of these oil-producing states, and one whose defense capabilities guarantee it the status of a regional power in the Middle East, is recognized by others as speaker for the group. But its predominance over the council is often questioned in stormy meetings by Kuwait, the second-largest oil producer in the Arabian Peninsula, and an emirate that regards itself as more modernized and open than the rest of the member states.

Oman, the sultanate at the southeastern tip of the peninsula overlooking the Strait of Hormuz, has adopted a pro-Western policy, and is often blamed by its Gulf neighbors led by Saudi Arabia for having offered a base for U.S. troops.

The other smaller states include Bahrain, regarded by analysts as a Saudi protégé, and two satellites — the United Arab Emirates and Qatar.

GCC members seem to differ less on economic issues than on matters related to defense, security or foreign policy. A few months after the GCC was formed, the Gulf states were able to reach consensus on a detailed economic agreement covering the various fields of policy coordination and integration between them. But despite the pressing need for a similar agreement on defense and security, they have only managed to work out a general agreement on defense. The security pact has been on the agenda of two summit meetings, and was to be brought up at the meeting this month.

With the Gulf viewed — since the revolution in Iran and the Iran-Iraq war — as one of the world's hottest areas, relations with the superpowers are an unresolved issue of crucial importance.

The key question of possible U.S. intervention in the event of an Iranian assault on the Gulf is one that these states continue to haggle over, and the view of the three most powerful ones diverge widely. Another

key question that they continue to differ on is the extent to which other GCC states should extend help to a member state in the event of domestic unrest. They have also not figured out a way of overcoming competition among themselves in preparation for achieving economic unity and interdependence.

Kuwait seems to be Saudi Arabia's closest partner on economic subjects, backing Saudi suggestions at OPEC meetings and often seeking to rally radical states, with which it shares good relations, to the Saudi side. But it has stood firmly against a Saudi-sponsored security agreement calling for the coordination of punishments, cross-border pursuits and extradition of criminals.

A number of factors qualify Kuwait as the "renegade" of the group, as a Western analyst put it. They include its ties with the Soviet Union, its relations with radical Arab states, and its rallying the United Arab Emirates to its side at the summit meeting following the Iranian-backed coup attempt in Bahrain to prevent the adoption of collective sanctions against Iran — with which both countries maintain trade relations.

In many ways Oman is at the other end of the spectrum, advocating a direct superpower — American — role in protecting the Gulf. In contrast to Kuwait, Oman urges other GCC members to speed up the implementation of unified contingency plans and military coordination.

Oman's deep concern for its security stems from its location at the mouth of the Gulf, controlling navigation through the Strait of Hormuz. According to one official, Oman's pro-Western stance and its continuing diplomatic relations with Egypt (after that country was denounced by most Arab nations for its peace treaty with Israel) have often put it in difficult situations, especially at closed meetings.

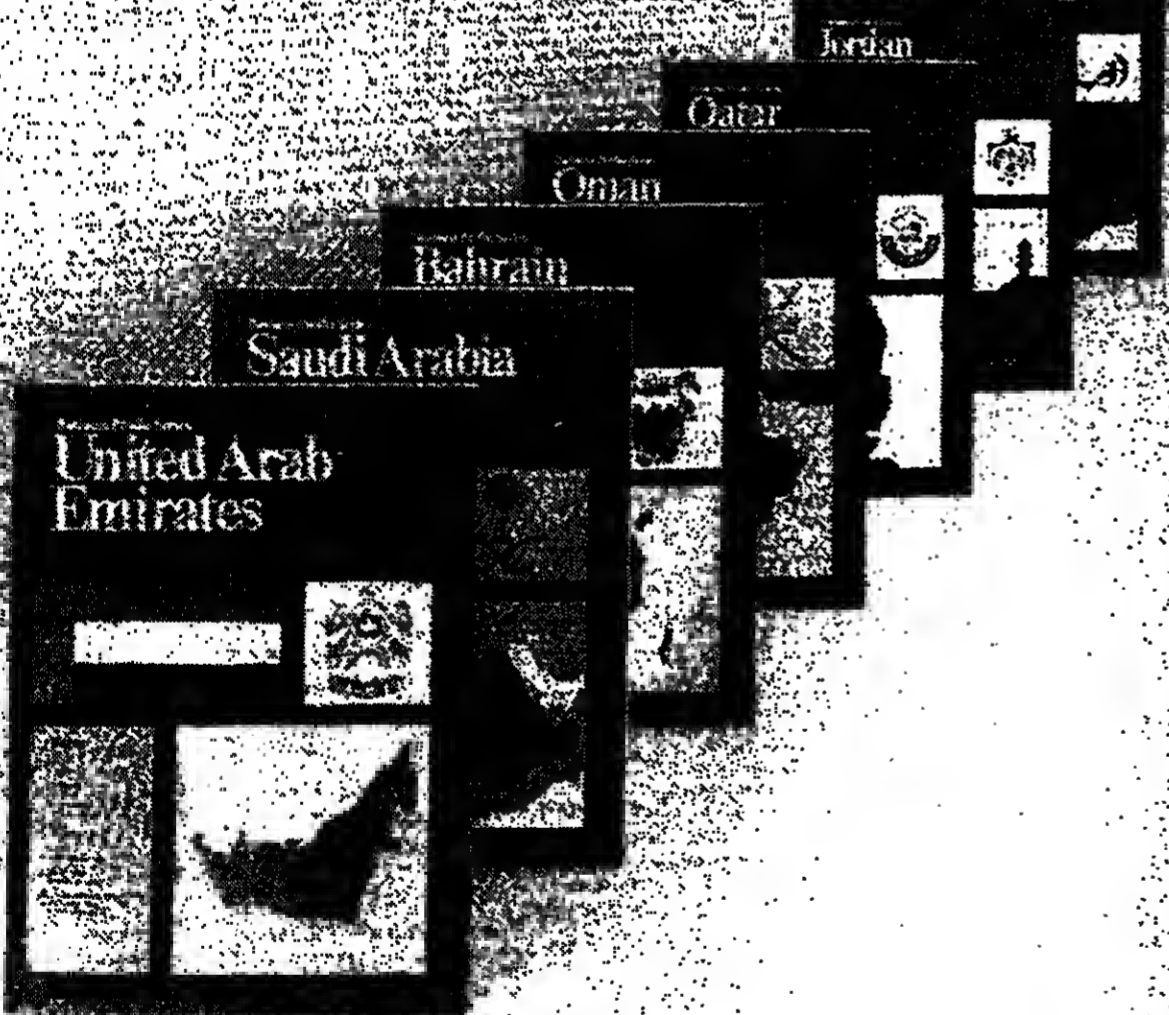
Bahrain, the Gulf's resort and financial center and the closest of the smaller states to Saudi Arabia, often receives rewards for being its faithful ally. A few days after a coup attempt in the island in December 1981, the two countries signed what amounted to a mutual defense pact. Moreover, to boost Bahrain's economy, suffering from the effect of the recession in the West and the drop in oil prices, work has begun on a causeway linking the two countries and costing Saudi Arabia about \$1 billion. Bahrain was also the first state to receive a GCC grant.

— OLEAT TOHAMY



Steel production at the Qatar Steel Company. The emirate has invested heavily in industrial production.

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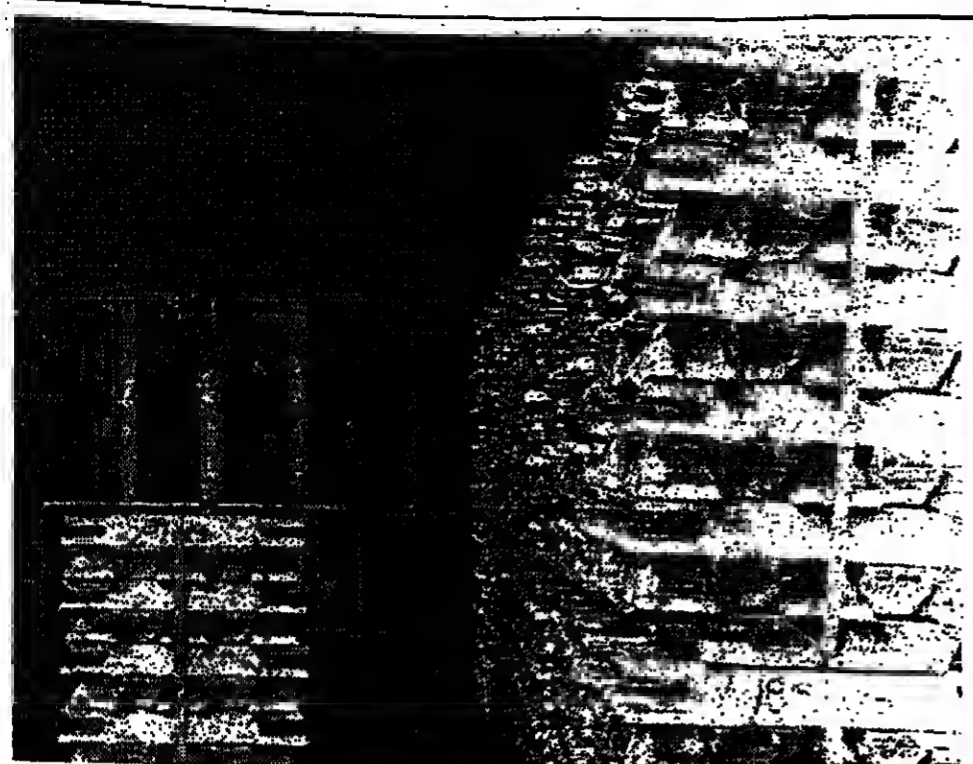
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THE GULF STATES



Aluminum ingots produced at Dubai's Jebel Ali industrial park.



A water desalination and power plant at Ghubra, Muscat.

Oil Income Fall Threatens Status As a Power Bloc

OIL HAS TRANSFORMED the Gulf's desert sheikhdoms into a recognized power bloc in Arab, Islamic, African and international circles. But the erosion of oil income threatens to reduce these states' ability to maintain their newly acquired status and the influence they have wielded during the last decade.

Since the decline of oil income early this year, a realistic forecast of the world oil market conditions over the next few years predicts that the Gulf economies will not recover their 1979-1980 oil income levels before 1986-1987. Despite the series of setbacks that the oil market has witnessed in the last three years, the Gulf's oil producers possess \$300 billion in liquid assets. They continue to produce a little more than half of the world's oil output and control the same amount of proven oil reserves.

Saudi Arabia, Kuwait, Oman, the United Arab Emirates and Qatar have been coordinating economic policies among themselves within the Gulf Cooperation Council, and with other major Arab oil producers within the Organization of Arab Petroleum Exporting Countries, but they would not go so far as to create "an OPEC within OPEC," as one GCC official put it.

Gulf officials believe that their relative strength can be maintained in spite of the growth of non-OPEC suppliers such as Mexico.

An oil analyst, asserting that these countries will be capable of maintaining their edge in the market, rejects the suggestion of a Gulf oil cartel as "unrealistic" because of the present conditions.

The suggestion, made by a Saudi economist, he said, could prove of value when other producers pumping excessively to meet their need for cash will have depleted their limited resources, while the Gulf countries wisely respect the production ceilings they have set for themselves.

The political power the Gulf states have acquired is largely based on their acquisition of sophisticated military hardware and their large aid programs for poorer nations.

Reduced national incomes could entail a reduction in the high levels of military spending — amounting to more than 30 percent in the United Arab Emirates and Oman but slightly less in Kuwait and Saudi Arabia.

Bilateral aid, particularly to Iraq and Arab states sharing borders with Israel, as well as to the Palestine Liberation Organization, is another burden on the economies of the Gulf states. Kuwait's parliament, for example, has demanded that the government stop its foreign aid program. But Iraq's war with Iran continues to stand as the main drain on the Gulf states' economies.

By conservative estimates Iraq has received not less than \$30 billion in loans and grants since the beginning of the war.

The Gulf states contribute the bulk of funds channeled through a multitude of organizations in poorer Arab and African states in the form of loans and grants.

These include the Arab Fund for Economic and Social Development (AFESD), the Arab Monetary Fund (AMF), the Inter-Arab Investment Guarantee Organization (IGIO), and the Arab Authority for Agricultural Investment (AAA).

The GCC members have also gone ahead with establishing their own Gulf Investment Corp. (GIC) with equal contribution of the member states to its capital totaling \$2.1 billion to be directed toward investment in projects within and outside the Gulf region.

Hany El Emery, a financial expert who has worked for a number of major Gulf financial institutions, doubts that a government-sponsored institution such as the GIC can be effective and suggests the formation of an Arab Investment Bank with "a board of directors of technicians supervised by a board of governors, directing funds to viable and feasible projects with a view of integration and profitability."

He believes that, through this type of financial enterprise, Gulf governments can combine political returns with economic revenue when guaranteed the right to operate freely and repatriate profits.

He added that such opportunities exist in many Arab states, including Egypt, Tunisia and Sudan.

—OLFAT TOHAMY

Modern Communications, Transportation Aid Cooperation

THERE IS nothing new about cooperation in the Gulf, the region's officials say, as they shuttle from one capital to another. Historical records bear them out: The peoples of the area have sailed, ridden and walked from one part to another for thousands of years. Sumerians sailed to India; the people of the Indus Valley came back.

Trading communities have been unearthed up and down the Gulf coast, notably in Bahrain, off the Kuwaiti coast at Failaka and beside Abu Dhabi's main refinery and desalination plant at Umm al-Nar. Salt and incense, charcoal, copper and dates opened up the peninsula with a network of tracks from one well to another.

So the constant movement of ministers, officials, merchants and families is all in the tradition. What has changed is the speed and ease with which they do it. One thing the many meetings and discussions of the Gulf Cooperation Council and its committees has shown is how communications have grown during the last 10 years.

Air communications are excellent within the region as well as outside. Riyadh's new \$2.5-billion airport, the world's largest in area, should be finished this year. Abu Dhabi, despite its budget deficit, is going ahead with another international airport at Al-Ain. Dubai's air traffic — passenger and freight — grows in leaps and bounds. The United Arab Emirates does point up the dangers of expensive duplication and lack of federal planning, which might serve as a warning to the region as a whole. Only Oman and Saudi Arabia have five-year plans.

Saudi Arabia and Kuwait have their own national airlines, while the other council members are joint owners of the ubiquitous Gulf Air. The crash of a Gulf Air airliner near Abu Dhabi in September is unlikely

to have much effect on passenger rates; no one else offers the range of short hops from one Gulf country to another, especially the airline's breakfast runs. Between the states of the lower Gulf, you can fit in a working day and be home to sleep.

There is also a network of roads covering the peninsula. Of the GCC members, Oman still has the most to accomplish to link the scattered pockets of its population in some of the most rugged terrain, and this is exactly where GCC funds could come in useful. Oman's Ministry of Communications is the largest spender on development, and one of the most significant projects was the recently completed Muscat to Salalah road, helping to break down the barriers between the two regions.

There is not yet a coordinated transport policy. Public transport is almost nonexistent, although one comes across the occasional optimistic bus stop in the desert. An efficient and cheap substitute is the shared taxi. It is not easy driving from one country to another; there are often long delays at border posts, even for Gulf citizens, although they can fly in and out of one another's countries without much difficulty.

Truck traffic makes the most use of the roads, stemming from the days when you could wait months to offload goods at the ports, and Kuwait and Dubai trucks lead the way. Today, the economic incentive stems from the higher war risk insurance paid on cargo at sea. The Kuwaitis have always been the leading traders in the area, and truck companies have made substantial profits taking goods into Iraq that were shipped into lower Gulf ports. Dubai traders did not like to see their re-export business in other hands and have gone into the trucking business themselves.

The GCC has been considering a railway from Iraq to the Indian Ocean, an old imperial dream. It could link Khor Fakkan, Fujairah and, allegedly, Muscat.

Saudi Arabia is the keener on railways and the only country in the region to have one. The government has allocated \$1.5 billion to modernize its railroad and recently bought some "super luxury" coaches. At present, the only railway runs from Riyadh to Dammam, via Hofuf, and the Saudis are planning a second direct line between the first two places.

As for seaports, the GCC transport committee has been investigating them, especially in the lower Gulf, to see whether a degree of specialization — instead of competition — could not be introduced. Again, there is not enough regional planning. Oman is drafting a plan on its port requirements in the next 20 years but in the United Arab Emirates each emirate builds its own port regardless of the others. Saudi Arabia's Eastern Province ports are an example of specialization, and its financing of Bahrain's Mina Salman is an example of regional cooperation that the GCC could use as models.

Dubai's newest port, the vast Jebel Ali, has recently been used for mothballing tankers; it can accommodate three Very Large Crude Carriers (VLCCs) at the same time and still look empty. Another huge port is being built at Jubail on the Saudi coast although this will concentrate on serving the downstream industries of the city. At the other extreme is the small new port of Fujairah in the Emirates on the Indian Ocean, where the new federally financed port has been in operation for a year.

Cooperation in the field of shipping has been discussed at Gulf meetings although it is unlikely to get much further in the present state of world shipping. A feasibility study on the prospects of a coastal shipping service has been suggested, but this is hardly the time to launch a shipping line, least of all in the Gulf.

Meanwhile, the United Arab Shipping Co. is another aspect of Gulf cooperation, a venture between the

governments of the area. Marine fraud is still a problem in the Gulf, and this was discussed again by the GCC, which this year became a member of the London-based anti-fraud International Maritime Bureau. As the IMB's director said: "It's all a question of communication. Fraud crosses frontiers too easily; you've got to get in the next person quickly."

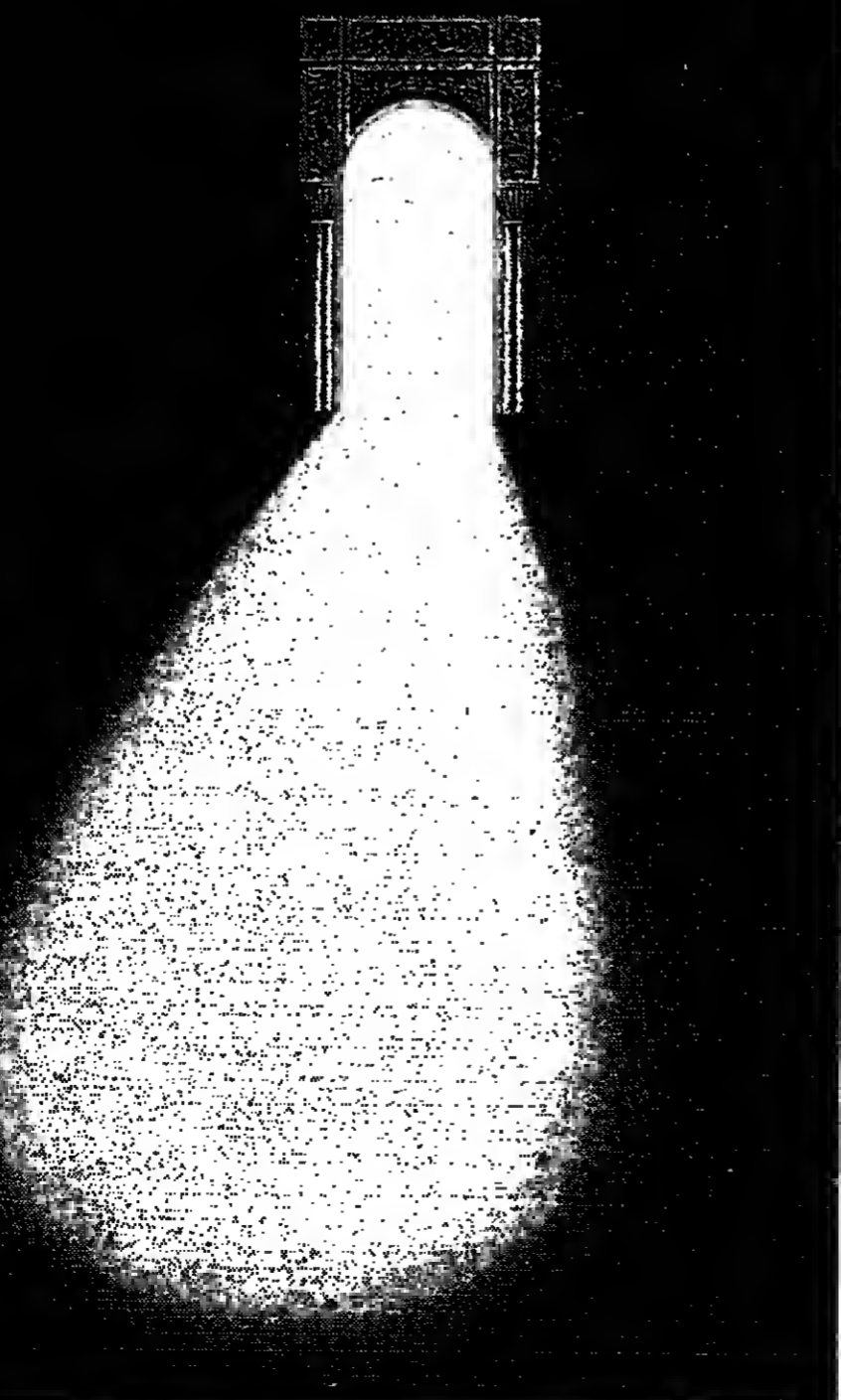
The telecommunications event with the greatest potential — for television, education, video-conferencing as well as voice transmission — will be the launching in 1984 of ArabSat. This is not merely a Gulf venture; it is designed to link the region with earth stations in 22 Arab countries, many of which are under construction by the Japanese. There are to be two orbiting satellites, the first to be launched next February. An Arabian Gulf Joint Program Institute has been set up in Kuwait, the GCC leader as far as television is concerned.

A further example of regional cooperation is the Bahrain causeway, financed to the extent of \$564 million by Saudis. The pros and cons of this link with the mainland highlight some of the problems that the GCC faces and that will probably become more acute if cooperation is to develop into anything more than a series of mere get-togethers.

Many Bahrainis welcome the extra trade that would come with visiting Saudis. Others are apprehensive that the island may develop into a Saudi playground or that the heavy hand of Saudi Islam will curtail the island's liberal living. Similarly the smaller states of the Gulf fear the "imperialism" of the bigger, while the poorer (such as Bahrain) welcome the generosity of the richer. The peoples of the Gulf have traditionally traveled across and around the area. But it is important to remember that it was not always in peace.

—SARAH SEARIGHT

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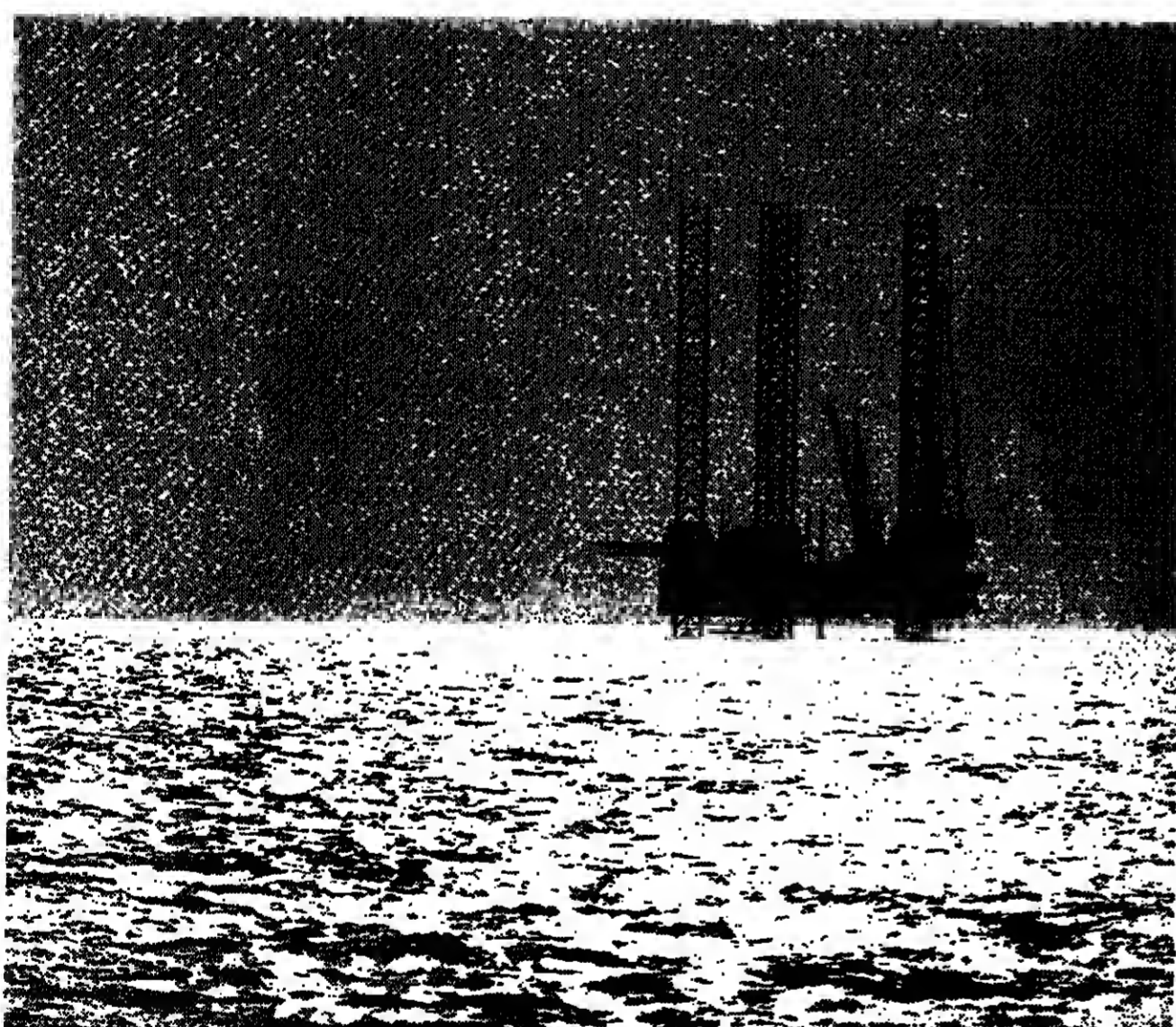
offshore houses... and they also have the irritating habit of approaching foreign banks when they have a major banking requirement. When asked where he takes his project financing business, the head of one Middle Eastern construction company (who also serves as the chairman of a substantial Arab bank) unhesitatingly replies, "Wardleys."

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ممكن من الأصل

EUROBONDS

By CARL GEWIRTZ

M-1 Report Fails to Ease Market Fears Of Turbulence Until End of the Year

PARIS — A modest \$900-million increase in the U.S. money supply reported late Friday by the Federal Reserve will do little to allay fears in the Eurobond market that very turbulent days lie the path to the year's end.

What worries bankers are estimates that the U.S. Treasury will need to raise \$35 billion to \$50 billion from now until the end of the year in 21 auctions and that extending holidays and Fridays there are only 29 working days left to do so — assuming that the congressional impasse on increasing the debt ceiling is resolved.

That kind of volume is viewed as certain to put upward pressure on interest rates and probably cause all but the most cash-hungry borrowers to stay away from the bond market. But the real worry is what effect a rise in rates would have on the secondary market.

It is widely assumed, and unfortunately impossible to quantify, that investment banks are sitting on very large amounts of unsold bonds. In a favorable environment — where short-term interest rates that banks pay to finance their holdings are lower than the interest income of the bonds — a large overhang is no problem because there is every incentive to sit on the inventory and accumulate profits.

But if financing costs outstrip the income generated by the bonds held in inventory, there could be a massive liquidation of those holdings as banks seek to cut their losses. As it is, the Eurobond market looks fragile because yields in it are lower than those prevailing in New York.

Thus, if yields in New York rise, prices of Eurobonds would have to drop very sharply to catch up.

Currently, it is still profitable to sit on these holdings. In addition, as many of the recent deals are already quoted at very substantial discounts, no one is rushing to unload and take a loss. So everyone sits tight, hoping that a year-end blood bath can be avoided.

In the meantime, no one is buying any paper either. The only exception is floating-rate notes, which by their nature offer investors the greatest protection against volatile short-term interest rates. Thus, Sweden's floating-rate note issue, launched a week earlier, was doubled to \$1 billion, and Banco di Roma and Banque de Développement Economique de Tunisie were able to tap the market.

3 Japanese Floaters Expected

Said to be in the offing are floaters for three Japanese banks — Saitama, Fuji and Mitsubishi.

The heavy demand for floaters was reflected in the fact that floating-rate notes of top quality of U.S. banks are trading at a thin six-to-ten basis points over the London interbank offered rate.

In the pound sector, Denmark issued \$100 million of 15-year notes that can be redeemed at par after 10 years. Interest was set at a quarter-point over the three-month domestic interbank rate.

But the fixed-rate market was slumped. Long Term Credit Bank of Japan offered \$100 million of 10-year bonds at par bearing a coupon of 12 percent — a level that analysts agreed was reasonable. Nevertheless, the bonds ended the week quoted at 98 1/4.

The Asian Development Bank's \$100 million of 10-year bonds did less well. Offered at a discount of 99 and bearing a coupon of 11 1/4 percent, the bonds ended the week at 98 1/4.

(Continued on Page 15, Col. 1)

EC Reaches Technology Agreement

Reuters

BRUSSELS — European Community ministers have agreed on a 10-year plan to encourage European companies to work together on information technology, in a bid to boost the 10 EC members' computer-research efforts.

Officials said the ministers broke a deadlock Saturday over technical details of administering the plan that had held up a final accord when they last met in Luxembourg a week ago.

Named Esprit (European Strategic Program for Research and Development in Information Technology), the plan will need financing equivalent to about \$1.3 billion during the first five years, starting in 1984, the officials said.

Esprit is aimed at eliminating the EC's growing trade deficit in information technology and at matching U.S. and Japanese competitors within 10 years.

The community has seen a gradual erosion of its share of the market in information technology, which has been growing worldwide about 10 percent. The EC had a trade surplus in information technology in 1975 but this had become a \$10-billion deficit by 1982.

The ministers agreed on how to select projects and organize the plan, but reached no accord on the final cash levels.

While eight nations favored community financing over five years of about \$630 million, with an equal contribution from the companies involved, Britain and West Germany refused to fix a figure.

The two nations, net contributors to the EC budget, said financing for Esprit should be tied to an overhaul of the community's finances due to be made by leaders of the 10 nations at a summit meeting in Athens next month.

While the cash represents only a fraction of the more than \$5 billion spent yearly around the world in high-technology research, community officials believe that a transnational approach is vital.

Esprit will focus on five main aspects of information technology — microelectronics, information processing, software technology, office automation and computers.



Carlos Geraldo Pedreira Figueiredo, his wife, Ivana, and their three children in a Rio de Janeiro supermarket.

Brazil's Woes Squeeze Its New Bourgeoisie

By Peter T. Kilborn

New York Times Service

RIO DE JANEIRO — The woman works in an office nearby and walks to the Freeway supermarket now and then, more often to look than to buy.

For a minute or so, she studies a tall blue refrigerator, one of the many things the Freeway sells besides food. She is tall, handsome, looks about 45 and speaks in unmodulated tones, barren of any humor. "We are defeated," she said.

The woman's name is Iva Soares da Silva. She said she no longer uses her car because the price of gasoline, about \$2 a gallon, has become absurd. Mrs. Soares da Silva's children, daughters aged 21 and 20, have quit college to go to work. She said she had delayed paying her rent. "I think everything got worse after the president borrowed this big money," she added.

Inflation, austerity, debts to foreign bankers, wrangling in Brasilia over how to cut incomes, Brazil's long and stubborn recession — all these forces have come to a boil in the Freeway supermarket, actually a "hypermarket," the sign in front says.

The Freeway is in Barra da Tijuca, a district on the fringe of Rio de Janeiro immune to the crisis until recently. Newly developed, with tall, balcony-studded apartment buildings with views of the Atlantic, the district has attracted relatively high- and middle-income people who are not quite rich enough to buy homes closer to Rio, along the beaches of Ipanema and Leblon.

When the economy was growing and the gap between the rich and the poor was widening, as it did in the "miracle" years, these people were the beneficiaries. But the new austerity has reached them, too, and now the government has decreed that the higher a person's pay, the smaller his relative annual raise, while the lower wages are raised in step with inflation.

Carlos Geraldo Pedreira Figueiredo, 22, and his wife, Ivana, said they had a number of share-

(Continued on Page 17, Col. 5)

3d-Quarter U.S. Earnings Seem Generally Strong

But Equities Reflect Some Disillusion

New York Times Service

NEW YORK — At first blush, earnings of the leading U.S. corporations in the third quarter appear to have exceeded the expectations of even the most optimistic.

On closer scrutiny, however, a

Mr. Frankel added, however, that analysts had not yet lowered their estimates for the fourth quarter or for all of next year. "This seems to be what the market is very concerned about," he said.

Ronald B. Koenig, managing director of Ladenburg, Thalmann & Co., appraised the third-quarter earnings performance this way:

"Since the summer of 1982 stocks have advanced sharply in anticipation of better earnings reports," Mr. Koenig said. "As a result, when the latest quarterly figures were released, most of the major stock moves had already been made."

"Another factor is that interest rates, which most experts expected to decline, have remained at a level much higher than anticipated," Mr. Koenig added. "Thus, you have the strong possibility of disappointing earnings results over the next few quarters."

Particularly weak earnings comparisons were recorded in the interest-rate-related industries such as natural gas, oil services and utilities.

Among the basic industries that showed particular strength in the third quarter were petroleum, steel and chemicals.

Some of the largest earnings increases occurred in the consumer-cyclical sector, which is almost completely explained by sharply improved and better-than-expected automobile-industry earnings.

The four domestically based

Accord Reached In Chrysler Strike

The Associated Press

TWINSBURG, Ohio — A settlement has been reached in a strike by 3,200 Chrysler Corp. workers here that had idled an additional 30,000 employees elsewhere and had threatened the company's new prosperity.

The agreement was reached Saturday after a bargaining session that lasted more than 34 hours, said Warren Davis, a regional director of the United Auto Workers. Workers overwhelmingly approved the pact Sunday.

Workers at the Twinsburg stamping plant walked out Tuesday, alleging that they had been forced to work overtime and that conditions at the plant were poor. Because the parts made at the plant are crucial to auto production, other plants in four states and Canada shut down in a chain reaction.

Plan for IBH Is Expected in 2 Weeks

Reuters

BONN — Plans to save IBH Holding, which applied for court protection from its creditors last Friday, will be drawn up in the next two weeks, its chief executive, Horst-Dieter Esch, was quoted as saying.

"We will publish in 14 days a plan for the complete solvency of our business," he said in an interview with the newspaper Neue Presse Saturday. The plan would also cover the Hamburg-based subsidiary, Hanomag, he said.

Mr. Esch said a number of share-

holders had already expressed their readiness to provide a large injection of capital to save the construction-equipment company through a financial-restructuring operation.

IBH's shareholders include General Motors Corp. and Saudi Arabia's Ollah Establishment, with 19.6 percent each, Powell Duffryn, with 13.2 percent, Babcock International, with 10 percent, and the private banking house of Schröder, Münchener, Hengst & Co., with 8 percent.

SMH, IBH's house bank, was saved last week by a rescue package put together by West German commercial banks.

The newspaper Bild Am Sonntag quoted the German Banking Association president, Hanns Schröder-Hohenwarth, as saying that banks involved in the operation had agreed that no SMH clients would lose money.

Mr. Schröder-Hohenwarth told the newspaper in an interview that the banks wished to reestablish confidence.

"We have succeeded," he said. "The losses arising from the SMH bank will not be met by the clients but jointly by the banks."

2 Long-Awaited Operations Made Public

By Carl Gewirtz

International Herald Tribune

PARIS — Activity in the syndicated-loan market picked up last week with the long-awaited operations for Greece's Public Power Corp. and for the government of Tunisia finally being made public.

Meanwhile, banks were still competing to win the mandate to bring Algeria to market. However, the Algerians are using the competition to drive down its borrowing costs, and some banks say bankers are beginning to cool to the deal.

Just how low rates can go is being demonstrated by Santa Fe International, the U.S. engineering and energy company that was taken over by the government-owned Kuwait Petroleum Corp. in 1981.

The U.S. company is borrowing \$100 million. For the first five years, the loan will be a revolving credit. Interest on amounts drawn will be set at 3/4 point over the London interbank offered rate. On amounts not drawn, banks will be paid a commitment fee of 1/4 percent for the first three years and 3/4 percent for the final two years.

At the end of the fifth year, the \$100 million becomes a term loan with a five-year maturity with interest set at 1/2 point over Libor. The low margins are exactly what they seem as Santa Fe is paying no commissions or hidden fees.

Two of the lead banks — Arab Banking Corp. and Gulf International Bank — are partially owned by Kuwait. The other lead managers are Bank of America, Royal Bank of Canada, National Westminster and West Deutsche Landesbank.

The Algerian operation is not really comparable because it is syndicating half of its loan as a floating-rate note. Tunisia's debt is estimated at \$3.2 billion, equal to 40 percent of its gross domestic product. It has almost no reserves to speak of and is running a trade deficit of \$1.2 billion a year.

In contrast to other recent borrowers who have used the note market to lower overall borrowing costs, Tunisia is paying more on the floating-rate note than it is on the syndicated credit — reportedly against the advice of most of its bankers simply for the prestige of being seen tapping the capital market rather than the purely bank-credit market.

Its \$60-million, eight-year credit will carry interest of 1/4 point over Libor for the first six years and 3/4 over Libor for the final two years. The commission will total 1/4 percent.

Its \$60-million, seven-year floating-rate note will bear interest of 1/4 point over Libor, sweetened with front-end commissions totaling 2 1/16 percent. Overall, the floaters will cost Tunisia 68 basis points over Libor, compared with 63 basis points on the bank credit.

Public Power Corp.'s \$290-million loan is divided into four portions — \$140 million for seven years, \$45 million for six years, \$50 million European Currency Units for seven years and 10 billion yen. The dollar loan can be extended to 10 years if lenders desire, and the

portion to nine years. Interest on the dollar, pound and ECU portions will be set at 3/4 point over the respective Libors for the first four years and 1/4 point over thereafter. In addition, banks will earn a commitment fee of 3/4 percent.

Dai-ichi Kangyo will underwrite 5 billion of the yen loan as an eight-year operation that can be extended to 10 years, with interest floating at 20 basis points over the long-term prime rate. Sumitomo Trust is underwriting the rest as a 10-year fixed-rate loan with interest to be fixed at 30 basis points over the prime rate.

Considerable attention continued to be focused on Belgium and what method it will choose to raise about \$1 billion late this year or early in January. The Belgian government rejects the possibility of a floating-rate loan because it does not want its citizens to be able to buy tax-free government paper in the Euro market.

However, bankers estimate that the government could save close to 20 basis points in annual interest charges — \$2 million a year — by issuing a floating-rate note instead of raising the money in the bank credit market. Bankers suggest that the government could be assured of keeping small Belgian investors out of a floating-rate note by denominating it in units of \$500,000 each. The problem is that such large de-

(Continued on Page 15, Col. 5)

Galvões Opposes a Brazil Debt-Repayment Freeze

By Peter T. Kilborn

New York Times Service

RIO DE JANEIRO — Brazil's finance minister, Emanoel Galvões, said here that the government had little interest in freezing payments on its \$90-billion foreign debt or converting all interest payments into principal.

Proposals to relieve Brazil of its debt payments for three or more years have found widespread support among Brazilian legislators, and prominent economists, including members of the government's

own party — see such a freeze as the only way to give the country breathing room to rebuild its economy.

Some European bankers have also expressed sympathy with a freeze on the ground that Brazil would emerge as a much stronger nation after a respite from debt repayment.

In an interview Friday, Mr. Galvões suggested that his reasons for opposing a freeze were mostly pragmatic. "You have different ways to achieve the same results," he said. "As long as the banks will lend you the money, it's the same thing."

Mr. Galvões also suggested Friday that the nation's bank creditors were satisfied with the government's latest efforts to curb its inflation and restrict wage increases, and predicted that they would approve more than \$11 billion in new loans.

Brazil's latest, as-yet-unsigned agreements with the banks and the International Monetary Fund call for it to receive \$6.5 billion in fresh bank loans, a rescheduling of \$5.3 billion in principal payments coming due in 1984, \$2.5 billion in trade financing, mostly from the United States, and the postpone-

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	\$	DM	FF	£	Y	Sc	S	DK
Amsterdam	2.9845	4.408	112.27	3.691	0.1644	5.577	122.99	21.08
Berlin (dollar)	54.10	82.05	24.25	4.48	2.39	10.125	25.715	54.10
Frankfurt	1.444	3.975	100.00	3.28	1.69	69.19	4.92	123.10
London (10)	1.4844	—	3.7667	12.854	5.8453	4.444	88.25	2.240
Paris	1.6178	2.4010	407.00	199.26	56.19	20.84	74.57	16.02
New York	—	1.2405	12.24	0.1223	0.0518	0.254	0.0785	0.409
Stockholm	—	1.1045	20.19	—	—	—	—	—
Zurich	2.1707	3.2941	81.28	26.775	0.1343	72.565	4.0074	—
1 BEU	0.449	0.671	2.2825	4.8816	1.29726	2.8254	45.948	1.8284
1 SDR	1.25977	0.709264	2.80693	5.5419	1.26419	3.1458	57.8814	2.5881

Dollar Values

	Per \$	Per DM	Per FF	Per £	Per Y	Per Sc	Per S	Per DK
1973	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1974	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1975	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1976	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1978	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1979	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1980	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1981	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1982	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1983	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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NEW EUROBOND ISSUES

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Salomon Bros	0.25	12 mos	—	154	—	Each warrant to buy 1,000 Deutsche marks at a fixed rate of 2.58 to the dollar.
Salomon Bros	0.25	12 mos	—	104	—	Each warrant to buy 1,000 Deutsche marks at a fixed rate of 2.58 to the dollar.
World Bank	100	1988	10%	100	10%	Non-callable.
World Bank	50	1993	11	100	11	First callable at 101 in 1989.

M-1 Report Fails to Lift Eurobond Market's Hopes

(Continued from Page 13)
ADB paper ended the week at 96 1/2. The equity-linked market fared better with Dart & Kraft's issue, offered at par, quoted at 97. The savings bank price of 3M, into which the D&K issue is convertible, did not help matters.

In contrast, the first pound issue with warrants appeared to be well received. Investors in industry sold \$50 million of eight-year notes bearing a coupon of 11 1/4 percent at 99 1/2 to yield 11.55 percent. The notes are denominated in units of \$5,000.

Five-year warrants to buy £5,000 of 10 1/4 percent notes at par were offered at £100. Both notes and warrants were quoted at issue price.

In the European Currency Unit market, the World Bank offered 100 million ECUs of five-year notes at par bearing a coupon of 10 1/4 percent and 50 million ECUs of 10-year bonds at par bearing a coupon of 11 percent. The notes ended the week at modest discounts but analysts suspected that the price was being supported by the underwriting syndicate.

BA Sale Is Seen Possible in Year

LONDON — State-owned British Airways will be ready for transfer to the private sector by next October, according to its chairman, Lord King.

Thyssen to Cut Jobs, Capacity

KREFELD, West Germany — Thyssen is to shed about 8,000 of its 64,000-person work force over the next two years and cut its annual crude-steel capacity of 16 million metric tons by about a third, a company statement said.

The cuts, disclosed Saturday, follow the failure of a planned merger between Thyssen and Krupp, which would have linked their special-steel divisions.

The merger, a key element in a plan for reshaping the troubled industry, failed when the government's offer of 500 million Deutsche marks (\$188.6 million) of aid was rejected as inadequate by Thyssen.

Analysts Fear Rising Inflation Will Boost Rates

By Michael Quint
New York Times Service

NEW YORK — The uncertainty and delays in the Treasury's three-part note-and-bond financing scheduled for this week may have raised interest rates slightly, but even without that disruption yields would have been sharply higher than earlier this year.

Last May, for example, the Treasury sold 30-year bonds with an average yield of 10.29 percent, compared to the 11.9 percent expected at Thursday's auction. While many economists still say that bond yields could return to the 10 1/2 percent level by mid-1984, others note that rising inflation is a new factor in the bond market not present in May, which could deter investors and keep bond yields high.

"The key question now is the degree to which prices will accelerate in the recovery," said Jack W. Lavery, chief economist at Merrill Lynch & Co. Mr. Lavery expects that investors will not be unduly

alarmed at rising inflation in the near future, as he forecasts a long-term Treasury bond yield of as low as 10 percent by the first quarter of next year. Yields will then gradually rise, he said, though they should not exceed current levels until the first half of 1985.

David D. Hale, chief economist at Kemper Financial Services Inc., estimated recently that past money

U.S. Consumer Rates

For Week Ended Nov. 5	
Passbook Savings	5.50 %
Tax Exempt Bonds	9.78 %
Bank Buyer 30-Day Average	8.59 %
Money Market Funds	8.59 %
Dollar's 7-Day Average	8.51 %
Bank Money Market Accounts	8.51 %
Bank Rate Monitor Index	12.25 %

U.S. CREDIT MARKETS

growth and the health of the economy point toward inflation of 5 percent to 6 percent in 1984. If the value of the dollar declines in foreign-exchange markets, thereby raising the cost of imports, an inflation rate of 6 percent to 8 percent is possible in 1985, he said.

One frequently used measure of the rising trend in prices is the 5.3 percent annualized growth rate for consumer prices during the three months ending with September, compared with the 2.9 percent rate in the first six months of the year.

is bound to increase official concern about inflationary developments." He predicted that concern over rising inflation will probably lead the Federal Reserve to "firm money-market conditions" and raise short-term interest rates later this year or in early 1984.

But not all economists agree with the forecast of rising inflation. Edward S. Hyman Jr., chief economist at Cyrus J. Lawrence, said slow growth in labor costs and modest expansion of the broad, M-3 money supply measure point towards lower inflation.

On Friday, the Fed reported that the M-1 measure of the U.S. money supply rose \$900 million in the week ended Oct. 26. But analysts noted that M-1 is only \$1.5 billion above the low end of the Federal Reserve Board's 5-to-7 percent target growth range for the aggregate. A report that M-1 had risen in the latest week had been expected anyway. M-1 consists of currency in circulation and money in checking and similar accounts.

2 New Operations Boost Syndicated-Loan Market

(Continued from Page 13)

nomination could impair the liquidity in secondary-market trading.

There was also considerable excitement generated by reports that France had reached some kind of historic compromise with lenders over the wording of a cross-default clause in government-guaranteed agency paper. A dispute over France's refusal to agree to such a clause had caused Morgan Guaranty and Citibank to walk out of an earlier agreement, and since then France has avoided the syndicated-loan market.

The latest operation concerns a backup line of credit that Credit National has put together individually with nine commercial banks to stand behind the marketing of \$250 million of commercial paper in the New York market. The aim is not to draw on the backup line, and banks providing the guarantee will earn only a thin commitment fee.

Such a backup facility normally would also be syndicated. But in this case, the credit line was arranged individually with nine banks — of which Morgan Guaranty is one. Each of the lines runs

for five years, but the amounts that each bank is providing differ.

Morgan refuses to discuss details of the contract other than to say that it has negotiated terms that were mutually satisfactory. But the bank rejects reports describing it as a breakthrough.

Others agree. "A solution was found, but it's not obvious that the same way out could apply to other deals. It cannot be used as a precedent," said one banker.

While no one in the know was willing to spell out the details, it appears that an earlier Credit National loan, syndicated in 1982, carried the desired cross-default clause and Morgan, a manager in that previous loan, was able to "hook" the new contract to the wording in the old contract.

That formula obviously is only good for borrowers whose earlier loans carried the cross-default clause. Still unresolved is how French agencies that have not previously agreed to such wording can tap the syndicated-loan market.

The other banks in the Credit National backup are Bankers Trust, Chemical, NatWest, Paribas, Credit Lyonnais, Fuji, Mitsubishi and Nippon Credit Bank.

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BERLIN (WEST)	26.18.13	HONG KONG	26.38.75	OSLO	41.61.15
BRUSSELS	18.22.55	LOS ANGELES	39.38.43	PARIS	00.07.09.00
COPENHAGEN	34.30.00.00	LONDON	628.57.51	SINGAPORE	32.08.00
DUBLIN	10.61.14	LUGANO	56.06.29	STOCKHOLM	21.77.27
FRANKFURT	29.28.00	LUXEMBOURG	49.35.59	STUTTGART	22.03.13
GENEVA	79.17.17	MADRID	40.61.31	VIENNA	54.11.96
		MILAN	34.23.69	ZURICH	30.08.12

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ON THE BASIS OF 2 NEW SHARES FOR EACH SUCH STOCK UNIT TOGETHER WITH NET INTEREST ACCRUED THEREON (COUPONS No. 9 AND OTHERS ATTACHED)

THE NEW AVF SHARES WILL BE ELIGIBLE FOR DIVIDENDS ACCRUING WITH EFFECT FROM 1st JANUARY 1984

THESE SHARES WILL BENEFIT FROM THE TAX ADVANTAGES PRESCRIBED BY ROYAL DECREE No. 15 OF 9th MARCH 1982 AS AMENDED BY ROYAL DECREE No. 150 OF 30th DECEMBER 1982 DESIGNED TO ENCOURAGE THE SUBSCRIPTION OR PURCHASE OF SHARES IN BELGIAN COMPANIES.

APPLICATION MAY BE MADE THROUGH ANY OF THE FOLLOWING FROM WHOM COPIES OF THE NEW ISSUE PROSPECTUS MAY BE OBTAINED:

- | | |
|--|--|
| IN BELGIUM: <ul style="list-style-type: none">SOCIETE GENERALE DE BANQUEBANQUE BELGO-ZAIRE (BELGOLAISE)BANQUE BRUXELLES LAMBERTKREDIETBANKBANQUE DE PARIS ET DES PAYS-BASBANQUE NATIONALEBANQUE DEGRIOF | IN LUXEMBOURG: <ul style="list-style-type: none">BANQUE GENERALE DU LUXEMBOURG IN FRANCE: <ul style="list-style-type: none">BANQUE BELGE (FRANCE)SOCIETE GENERALE IN GREAT-BRITAIN: <ul style="list-style-type: none">BANQUE BELGE LIMITED |
|--|--|

APPLICATION MAY ALSO BE MADE TO THE BANKS LISTED ABOVE THROUGH THE INTERMEDIARY OF OTHER FINANCIAL INSTITUTIONS.

SUBSCRIPTION RIGHTS REPRESENTED BY COUPON No. 13 DETACHED FROM THE EXISTING SHARE CERTIFICATES WILL BE OBTAINED ON THE BRUSSELS, ANTWERP, GENT, PARIS AND LUXEMBOURG STOCK EXCHANGES.

APPLICATION HAS BEEN MADE FOR AN OFFICIAL LISTING OF THE NEW SHARES ON THE STOCK EXCHANGES MENTIONED ABOVE.

THE NOTES REQUIRED PURSUANT TO THE COORDINATED LAWS ON COMMERCIAL COMPANIES HAS BEEN DEPOSITED AT THE REGISTRY OF THE BRUSSELS COMMERCIAL COURT ON 30 OCTOBER 1983

THE SOCIETE GENERALE DE BELGIQUE — AN AGENT FOR ECONOMIC DEVELOPMENT

THE SOCIETE GENERALE DE BELGIQUE WAS FOUNDED IN BRUSSELS IN 1822 AS A VEHICLE FOR ECONOMIC DEVELOPMENT. TODAY IT CONTROLS A GROUP OF INDUSTRIAL AND SERVICE COMPANIES BOTH IN BELGIUM AND ABROAD.

ITS INTERESTS RANGE FROM NON-FERROUS METALS TO ENERGY, AND INCLUDE BANKING AND FINANCE, TRANSPORT, TELECOMMUNICATIONS, MEDICAL AND ELECTRICAL ENGINEERING, CHEMICALS, BUILDING, SHIPPING AND INSURANCE.

ENERGY SEARCH ONE N.V.

NOTICE OF

GENERAL MEETING OF SHAREHOLDERS TO BE
HELD ON THE 30th NOVEMBER 1983

To the shareholders:

Notice is hereby given that a general meeting of shareholders of Energy Search One N.V. shall be held on November 30, 1983 at 10.00 o'clock in the forenoon at De Ruyterkade 28-A, Willemstad, Curaçao, for the purpose of resolutions to be taken, to the extent necessary, in respect of the following items:

1. To report on the course of business during the fiscal year ended December 1982.
2. To approve the consolidated balance sheet as at December 31, 1982 and the consolidated statement of income for the year ended December 31, 1982 of Energy Search One N.V. and its wholly owned subsidiaries E S One BV I Ltd., E S One Capital Corporation, E S One Colorado Inc. and Energy Search Capital Corporation N.V.
3. To approve the declaration of a shareholders dividend.
4. To elect the Managing Director.
5. To elect Supervisory Directors.
6. To ratify the appointment of Messrs Coopers and Lybrand as certified public accountants to audit the books and accounts for the year ended December 31, 1982.
7. To amend the Company's Articles of Incorporation in order to permit trading of the Company's shares on the secondary market in the U.S. and Canada.

8. Nomination of new Board of Supervisory Directors.

9. Termination of management contract.

10. Modification of Articles of Incorporation.

Mandate to board for:

- (i) distribution of Chronar shares.
- (ii) negotiate new management contract.

Discussion of such other matters as may properly come before the meeting.

In order to exercise their rights at this meeting, holders of bearer shares must establish their ownership of such shares in a manner satisfactory to the chairman of the meeting.

November 7, 1983

Caribbean Management Company
Managing Director

**DEVOS-HOLBEIN
INTERNATIONAL, N.V.**
Rd U.S.312 Aved U.S.312
As of November 4, 1983
PERSON, HOLDING & PERSON N.V.
Havenweg 212, 1015 BS AMSTERDAM
The Netherlands
Phone: (020) 221-188 Telex: 2216

Gold Options (prices in \$/oz.)

Price	Nov	Feb	May
300	0.2540	0.2510	0.2510
400	0.2540	0.2510	0.2510
500	0.2540	0.2510	0.2510
600	0.2540	0.2510	0.2510

GM 3025-3030

Values White Weld S.A.

1, Quai du Mont Blanc
1211 Geneva 1, Switzerland
Tel. 31 02 51 - Telex 28 305

**Viking Resources
International N.V.**
N.A.V. as of 31-10-83
\$40.45

INFORMATION
Person, Holding & Person N.V.
Havenweg 212, Amsterdam.

Consolidated Trading of AMEX Listings

Symbol	Price	Change
AAVE	10.12	0.00
ABX	10.12	0.00
AC	10.12	0.00
AD	10.12	0.00
AE	10.12	0.00
AF	10.12	0.00
AG	10.12	0.00
AH	10.12	0.00
AI	10.12	0.00
AJ	10.12	0.00
AK	10.12	0.00
AL	10.12	0.00
AM	10.12	0.00
AN	10.12	0.00
AO	10.12	0.00
AP	10.12	0.00
AQ	10.12	0.00
AR	10.12	0.00
AS	10.12	0.00
AT	10.12	0.00
AV	10.12	0.00
AW	10.12	0.00
AX	10.12	0.00
AY	10.12	0.00
AZ	10.12	0.00
BA	10.12	0.00
BB	10.12	0.00
BC	10.12	0.00
BD	10.12	0.00
BE	10.12	0.00
BF	10.12	0.00
BG	10.12	0.00
BH	10.12	0.00
BI	10.12	0.00
BJ	10.12	0.00
BK	10.12	0.00
BL	10.12	0.00
BM	10.12	0.00
BN	10.12	0.00
BO	10.12	0.00
BP	10.12	0.00
BQ	10.12	0.00
BR	10.12	0.00
BS	10.12	0.00
BT	10.12	0.00
BV	10.12	0.00
BW	10.12	0.00
BX	10.12	0.00
BY	10.12	0.00
BZ	10.12	0.00
CA	10.12	0.00
CB	10.12	0.00
CC	10.12	0.00
CD	10.12	0.00
CE	10.12	0.00
CF	10.12	0.00
CG	10.12	0.00
CH	10.12	0.00
CI	10.12	0.00
CJ	10.12	0.00
CK	10.12	0.00
CL	10.12	0.00
CM	10.12	0.00
CN	10.12	0.00
CO	10.12	0.00
CP	10.12	0.00
CQ	10.12	0.00
CR	10.12	0.00
CS	10.12	0.00
CT	10.12	0.00
CV	10.12	0.00
CW	10.12	0.00
CX	10.12	0.00
CY	10.12	0.00
CZ	10.12	0.00
DA	10.12	0.00
DB	10.12	0.00
DC	10.12	0.00
DD	10.12	0.00
DE	10.12	0.00
DF	10.12	0.00
DG	10.12	0.00
DH	10.12	0.00
DI	10.12	0.00
DJ	10.12	0.00
DK	10.12	0.00
DL	10.12	0.00
DM	10.12	0.00
DN	10.12	0.00
DO	10.12	0.00
DP	10.12	0.00
DQ	10.12	0.00
DR	10.12	0.00
DS	10.12	0.00
DT	10.12	0.00
DV	10.12	0.00
DW	10.12	0.00
DX	10.12	0.00
DY	10.12	0.00
DZ	10.12	0.00
EA	10.12	0.00
EB	10.12	0.00
EC	10.12	0.00
ED	10.12	0.00
EE	10.12	0.00
EF	10.12	0.00
EG	10.12	0.00
EH	10.12	0.00

Continental Illinois Faces \$58.5-Million Tax Claim

New York Times Service
WASHINGTON — The Internal Revenue Service is seeking \$58.5 million in back taxes from Continental Illinois Corp., the nation's seventh-largest banking organization, according to documents on file with the U.S. Tax Court.

Continental Illinois is contesting the IRS claims, which cover the years 1975 through 1979. The IRS claims represent almost 10 percent of Continental's operating profit in 1982, although the precise impact on the company's financial statements is not known. Banks often have private tax disputes with the IRS but a Tax Court case of this size is unusual, according to tax lawyers Friday. The bank-holding company had not disclosed the dispute in its annual report mailed earlier this year to shareholders and the Securities and Exchange Commission.

Option & price	Colls	Puts
Nov 3	110.00	110.00
Nov 10	110.00	110.00
Nov 17	110.00	110.00
Nov 24	110.00	110.00
Dec 1	110.00	110.00
Dec 8	110.00	110.00
Dec 15	110.00	110.00
Dec 22	110.00	110.00
Dec 29	110.00	110.00
Jan 5	110.00	110.00
Jan 12	110.00	110.00
Jan 19	110.00	110.00
Jan 26	110.00	110.00
Feb 2	110.00	110.00
Feb 9	110.00	110.00
Feb 16	110.00	110.00
Feb 23	110.00	110.00
Mar 1	110.00	110.00
Mar 8	110.00	110.00
Mar 15	110.00	110.00
Mar 22	110.00	110.00
Mar 29	110.00	110.00
Apr 5	110.00	110.00
Apr 12	110.00	110.00
Apr 19	110.00	110.00
Apr 26	110.00	110.00
May 3	110.00	110.00
May 10	110.00	110.00
May 17	110.00	110.00
May 24	110.00	110.00
May 31	110.00	110.00
Jun 7	110.00	110.00
Jun 14	110.00	110.00
Jun 21	110.00	110.00
Jun 28	110.00	110.00
Jul 5	110.00	110.00
Jul 12	110.00	110.00
Jul 19	110.00	110.00
Jul 26	110.00	110.00
Aug 2	110.00	110.00
Aug 9	110.00	110.00
Aug 16	110.00	110.00
Aug 23	110.00	110.00
Aug 30	110.00	110.00
Sep 6	110.00	110.00
Sep 13	110.00	110.00
Sep 20	110.00	110.00
Sep 27	110.00	110.00
Oct 4	110.00	110.00
Oct 11	110.00	110.00
Oct 18	110.00	110.00
Oct 25	110.00	110.00
Nov 1	110.00	110.00
Nov 8	110.00	110.00
Nov 15	110.00	110.00
Nov 22	110.00	110.00
Nov 29	110.00	110.00
Dec 6	110.00	110.00
Dec 13	110.00	110.00
Dec 20	110.00	110.00
Dec 27	110.00	110.00
Jan 3	110.00	110.00
Jan 10	110.00	110.00
Jan 17	110.00	110.00
Jan 24	110.00	110.00
Jan 31	110.00	110.00
Feb 7	110.00	110.00
Feb 14	110.00	110.00
Feb 21	110.00	110.00
Feb 28	110.00	110.00
Mar 6	110.00	110.00
Mar 13	110.00	110.00
Mar 20	110.00	110.00
Mar 27	110.00	110.00
Apr 3	110.00	110.00
Apr 10	110.00	110.00
Apr 17	110.00	110.00
Apr 24	110.00	110.00
Apr 30	110.00	110.00
May 7	110.00	110.00
May 14	110.00	110.00
May 21	110.00	110.00
May 28	110.00	110.00
Jun 4	110.00	110.00
Jun 11	110.00	110.00
Jun 18	110.00	110.00
Jun 25	110.00	110.00
Jul 2	110.00	110.00
Jul 9	110.00	110.00
Jul 16	110.00	110.00
Jul 23	110.00	110.00
Jul 30	110.00	110.00
Aug 6	110.00	110.00
Aug 13	110.00	110.00
Aug 20	110.00	110.00
Aug 27	110.00	110.00
Sep 3	110.00	110.00
Sep 10	110.00	110.00
Sep 17	110.00	110.00
Sep 24	110.00	110.00
Sep 30	110.00	110.00
Oct 7	110.00	110.00
Oct 14	110.00	110.00
Oct 21	110.00	110.00
Oct 28	110.00	110.00
Nov 4	110.00	110.00
Nov 11	110.00	110.00
Nov 18	110.00	110.00
Nov 25	110.00	110.00
Nov 30	110.00	110.00

American Exchange Options

For the Week Ending November 4, 1983

Option & price	Colls	Puts
Nov 3	110.00	110.00
Nov 10	110.00	110.00
Nov 17	110.00	110.00
Nov 24	110.00	110.00
Dec 1	110.00	110.00
Dec 8	110.00	110.00
Dec 15	110.00	110.00
Dec 22	110.00	110.00
Dec 29	110.00	110.00
Jan 5	110.00	110.00
Jan 12	110.00	110.00
Jan 19	110.00	110.00
Jan 26	110.00	110.00
Feb 2	110.00	110.00
Feb 9	110.00	110.00
Feb 16	110.00	110.00
Feb 23	110.00	110.00
Mar 1	110.00	110.00
Mar 8	110.00	110.00
Mar 15	110.00	110.00
Mar 22	110.00	110.00
Mar 29	110.00	110.00
Apr 5	110.00	110.00
Apr 12	110.00	110.00
Apr 19	110.00	110.00
Apr 26	110.00	110.00
May 3	110.00	110.00
May 10	110.00	110.00
May 17	110.00	110.00
May 24	110.00	110.00
May 31	110.00	110.00
Jun 7	110.00	110.00
Jun 14	110.00	110.00
Jun 21	110.00	110.00
Jun 28	110.00	110.00
Jul 5	110.00	110.00
Jul 12	110.00	110.00
Jul 19	110.00	110.00
Jul 26	110.00	110.00
Aug 2	110.00	110.00
Aug 9	110.00	110.00
Aug 16	110.00	110.00
Aug 23	110.00	110.00
Aug 30	110.00	110.00
Sep 6	110.00	110.00
Sep 13	110.00	110.00
Sep 20	110.00	110.00
Sep 27	110.00	110.00
Oct 4	110.00	110.00
Oct 11	110.00	110.00
Oct 18	110.00	110.00
Oct 25	110.00	110.00
Nov 1	110.00	110.00
Nov 8	110.00	110.00
Nov 15	110.00	110.00
Nov 22	110.00	110.00
Nov 29	110.00	110.00
Dec 6	110.00	110.00
Dec 13	110.00	110.00
Dec 20	110.00	110.00
Dec 27	110.00	110.00
Jan 3	110.00	110.00
Jan 10	110.00	110.00
Jan 17	110.00	110.00
Jan 24	110.00	110.00
Jan 31	110.00	110.00
Feb 7	110.00	110.00
Feb 14	110.00	110.00
Feb 21	110.00	110.00
Feb 28	110.00	110.00
Mar 6	110.00	110.00
Mar 13	110.00	110.00
Mar 20	110.00	110.00
Mar 27	110.00	110.00
Apr 3	110.00	110.00
Apr 10	110.00	110.00
Apr 17	110.00	110.00
Apr 24	110.00	110.00
Apr 30	110.00	110.00
May 7	110.00	110.00
May 14		

ممكن من الأصل

LANGUAGE

A Dash of Grenadine

By William Safire
WASHINGTON — "On the WNBC Nightly News," worried a recent caller, "John Chancellor talked about our invasion of Grenada and then about our invasion of Grenada." Which is it? He then hummed the song "Grenada," which is spelled with three a's and pronounced with an AH.

At the start, I went along with the Chancellor Straddle, alternating my pronunciation. This is the way that most of us deal with words we have in use and hate to have to look up. Faced with the query, however, and recognizing my responsibility as a news-bi language maven, I hit the etymological beach.

It all started with the Latin grammar, "seed," from which grew the English grain. Then there was a city in Spain named after that grain, Granada, and we all know the song: "The dawn in the sky greets the day with a sigh / For Granada." For Spanish Granada, say AH.

Meanwhile, the French latched onto the Latin grammar in describe a seedy fruit: the pomegranate. This fruit struck French farmers as similar to an apple with many seeds and was spelled in Old French *pomegranate*. This spelling with an e — *grenade* — a small bomb thrown by hand, which was about the size of a pomegranate and sprayed its seeds of destruction; infantrymen who carried them were called *grenadiers*. Getting back to the fruit, we know that a syrup made from the juice of the pomegranate was called *grenadine* and is used today to add color to Shirley Temple; if they still use that come for jazzed-up soft drinks.

Over to the island in the Caribbean (pronounced *Carri-bee-on*, after the Carib Indians, but *Caribbean* isn't wrong). It was originally a French island. With the French spelling — *Grenada* with an e, like *grenade* and *grenadine*. When the English took it over in the late 18th century, they kept the spelling and changed the pronunciation.

Therefore, here's the drill: If you're talking about the city in Spain or you're serenading a senora on a balcony, it's *Gran-ah-dah*. If you're denouncing a band of "leftist thugs," you are talking about *Gren-ah-dah* with a long a.

Grenadians rhyme with Canadians. There never was a connection between the Old French *grenade* and the Latin-English form: *granite* until the current unpleasantness. Now we have *grenades* thrown on Grenada.

THE greatest contribution to grammar made by today's sports-casters is the development of the *historical present* by Damon Runyon, a writer who was once a sports writer, as in "When I hear Bugs Lougan say this, I wish I am never born." Listening to the score of "Guys and Dolls," based on Runyon's stories, one is hard-pressed to hear a single past tense. (The uniforms of those tackles are deliberately hard-pressed.)

"Sports broadcasters are the only reporters I know of," writes Burnett Anderson of Washington, "who describe past events in the future tense." He notes the following examples:

"That will (future tense) bring up a third-down situation" is used to describe a play that has already taken place and has created the third down.

"He swings and he misses — that'll (future tense) be strike two," reports a strike that has already been taken. Similarly, "The kick is good; that'll (future tense) make it 21-10" refers to points that have already been scored.

"A friend who considers himself an authority in these matters," writes Anderson, "says the use of the historical future is proper because the event does not fall into the past until legitimized by the umpires, referees and official scorers. I concede grudgingly that there may be some validity in this theory, but it doesn't hold water when you see a mighty whiff at the plate and hear, 'That will be strike two.'"

If this accepted usage in sports spills over into the general language, we will hear "something has happened next week," which, as grammar fan Anderson notes, "will bring up a devastation situation."

Let us all then, beware of playing catch-up in the way we appropriate language from sports-casters and metaphors from sports.

New York Times Service

After 23 Novels, Novelist Is Discovered

By Herbert Mitgang
New York Times Service

NEW YORK — After writing 23 novels, Elmore Leonard has been discovered.

The critics are recognizing his work — including "LaBrava," his latest book — as something special, moving him out of the category of mystery-suspense writer into that of novelist. It doesn't happen too often in times such as these, when a genre classification can brand a writer for life.

Hollywood, the paperback houses and book clubs are also recognizing Leonard. And the reading public is finally catching up, too.

Leonard has been compared to Dashiell Hammett, Raymond Chandler and Ross Macdonald but disclaims any literary kinship. "There's no similarity in style or subject matter," he says. "I was more influenced by Hemingway, Steinbeck, John O'Hara and James Cain."

Of course, readers who have been following his recent books know it didn't happen overnight for this 58-year-old writer. Still, after making a living by his pen and wit for some three decades, Leonard says it's a nice feeling to be "discovered."

"I think I'm really writing novels, not mysteries, but I don't want to sound pretentious," Leonard said. "I do like to read that I write clean prose and that my stuff is considered economical. Maybe I'm economical because I don't have that much to say."

What makes Leonard's stories sound like the real thing compared to most of the pulp action stories? Critics and readers find that his writing is hard-edged and unemotional; that while his characters are not heroic, their lives add up in social commentary; that their conversations sound absolutely authentic; and that his true-to-life characters and locales provide a look at ordinary life raised to the level of poetic realism.

Leonard's fans are aware that he has the ability in fashion novels with narrative drive. He learned his craft by writing original paperback westerns for read-

ers whose only demand was raw storytelling. In the last decade, he has moved away from ordinary action stories; his professionalism has resulted in such novels as "Split Images," "Cat Chaser," "Stick" and now, "LaBrava."

Like his other recent novels, "LaBrava" is set in southern Florida. That locale requires an explanation, because Leonard lives with his family in a house with swimming pool and vegetable garden in Birmingham, Michigan, a suburb of Detroit.

He said: "My mother runs a little motel in Pompano Beach that I bought some time ago. Remarkable woman — she's 83. I visit her there regularly. There's so much color in that part of Florida — retired people, Cubans, tourists, hustlers and all sorts of crime. It's full of characters."

Such real-life characters lurk in

"I do like to read that I write clean prose and that my stuff is considered economical. Maybe I'm economical because I don't have that much to say."

the background of "LaBrava." Joe LaBrava is a former Secret Service agent and independent photographer who gets involved in a triple-cross caper with a cast that includes a hotelkeeper who pines for a less developed Miami Beach, a still-attractive actress who lives with the memories of the spider-woman roles that made her famous, a redneck former policeman and a Cuban refugee who kills to stay alive and performs as a male go-go dancer. To him, they are the folks-next-door, people who seem surprised when the world moves into their lives.



The Associated Press
Elmore Leonard

Describing how he works, Leonard disclosed a few tricks of his trade: "I try to get the right people assembled, give them right-sounding names, and then I'm off and running. The characters have to interact. Sometimes, when there's a confrontation, I don't know which way it's going to turn out — which character is going to come out of the house alive. Eventually, the character has to tell me."

"The dialogue in my novels is mostly made up. It isn't the words that are authentic but, rather, the rhythm of the way people talk. Only once in a while do I hear whole sentences spoken when I'm listening for material. My wife picks up lines in the ladies' room, which she repeats, and they sometimes find their way into my stories."

How did he acquire his knowledge of underworld life and find his characters?

"I hang out with the homicide cops in Detroit and I have a friend who is a private detective in Miami Beach," he said. "For library research in my last four books, I've used a young writer, Gregg Sutter, to help me. But I speak to the cops myself. I find of drift around and absorb things. Generally, I'm against the idea of researching facts in novels."

MADRID POSTCARD

Oh for the Rain in Spain

By Victor de la Serna
International Herald Tribune

MADRID — The clouds came and broke briefly into a fine, almost imperceptible rain. Happy *Madridistas* rushed out onto the streets in a display of open umbrellas that the timid rainfall made rather unnecessary. But the people seemed elated all the same. Even the glorious soccer victory of Real Madrid over Barcelona the previous day seemed to pale in comparison with the wet gift from heaven.

The drought has become Spain's national obsession. For almost four years, the Iberian peninsula has come closer than ever to the usual description of its map, "a bull's skin laid out to dry." Despite some violent, deadly storms in Valencia and the Basque country, Spain has been drying up since 1980 — the longest, fiercest drought the nation has endured in the 100 years or so since records have been kept.

Tourists have generally enjoyed all the hours of sunshine they could dream of. Only when their hotels or villas were deprived of fresh running water did they suffer from the drought. Water shortages — no water at all, in some cases — now afflict hundreds of *municipios*, particularly in the hard-hit Extremadura and Andalusia regions.

The impact on Spanish agriculture has been severe. In 1983, crops have hovered around 50 percent of a normal year. After bad years in 1980 and 1982, and a disastrous one in 1981, Spanish farmers find themselves embittered and in debt. The government had been counting on agriculture to provide a modicum of economic growth and relief to the nation — and for three years no boost whatsoever has come from farming.

Droughts are, of course, nothing new here. Spain, as one meteorologist, José María Casals, explains, is south of the 45 degrees north latitude, which divides the rain have from the have-nots. The clouds sometimes descend on Spain, but Casals adds, "we could almost say that such deviations of the general circulation are abnormalities or accidents."

Average figures don't mean too much in Spain, where a myriad climates and microclimates share a relatively small land area. Thus, the average yearly rainfall is 700 millimeters (27.5 inches) which is rather

dry. But on the lush northwestern Atlantic coast the figure is twice the national average; and on the desert-like southeastern coast, it is only half.

To complicate this further, the rain seems to come and go in stretches of more than one year in this country. Dry periods have followed humid periods, so that no one is really surprised at a long-drought. However, the current dry stretch has reached the point where concern is intense: only once before in the 20th century, has there been a four-year drought (1943-46).

Other figures add to the gloom: 1981 was the driest year ever recorded, with 497 millimeters (19.5 inches) of rain in Spain, and 1983 and 1980 are not far behind.

The suspicion of a lasting change in climatic patterns in Spain is growing. Some people have found confirmation of this theory in the recent United Nations Environmental Protection Agency report on the worldwide effects of the "greenhouse" warming of the Earth. Is the Saharan climate creeping northward into the Iberian peninsula?

Whatever the reasons, Spain is hot and thirsty in this fall of 1983. The air in the cities is heavily polluted. Water reserves in dams and reservoirs stand at 33 percent of capacity — below 10 percent in the worst-hit areas. The desertification process is being accelerated by wildfires that, since 1980, have destroyed 812,000 hectares (about 2 million acres) of vegetation. With their open, unshaded points of skyward while a light mist came down, the people in Madrid seemed, the other day, to be performing some kind of latter-day rain dance.

Picketing Ends at Hotels As Talks Begin in Tabiri

The Associated Press

PAPEETE, Tahiti — Strikers who have closed Tahiti's three biggest hotels at the height of the tourist season have withdrawn their picket lines as talks started to try to end the 10-day-old walkout.

The hotel workers, who want the 48-hour working week, took to the streets yesterday, their picket lines Friday. The three hotels contain 631 of the 1,130 hotel rooms on Tahiti and generate about \$12 million in annual tourist receipts.

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